

**Slate River Resources, LLC**

1600 Broadway, Suite 900  
Denver, Colorado 80202

Page 1 of 2

March 2, 2005

Ms. Diana Whitney  
Utah Division of Oil, Gas & Mining  
P.O. Box 145801  
Salt Lake City, UT 84114-5801

Re: Exception Location  
Mustang 1320-12A  
T13S-R20E  
Sec 12: NE/4NE/4 (851' FNL, 842' FEL)  
Uintah County, Utah  
Agency Draw Prospect

Dear Ms. Whitney:

Slate River Resources, LLC is a newly formed oil and gas exploration company made up of ex-Westport employees that have been active in the Uinta Basin. Slate River and our partner Mustang Fuel Corporation propose drilling the captioned well. The well is an exception to Cause 207-1 because of topography and closer access to existing county roads. Slate River and Mustang own the offset leasehold and do not have an objection to the exception location. Cause 207-1 provides for one well per 320-acre spacing. This well will be the only well within the 320-acres spacing unit – E/2 Sec 12-13S-20E. Our intention after reviewing the results of the next few wells drilled in the Agency Draw area is to request that Cause 207-1 be vacated.

The survey plats and application are being sent to you from Vernal. Please approve the request for a well permit at your convenience.

Sincerely,

  
Bruce E. Johnston  
Vice President Land  
BEJ/111

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MAR 04 2005

DIV. OF OIL, GAS & MINING

001

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐  
(highlight changes)

<b>APPLICATION FOR PERMIT TO DRILL</b>				5. MINERAL LEASE NO: <u>UT10001.00</u>	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>				8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: SLATE RIVER RESOURCES, LLC				9. WELL NAME and NUMBER: MUSTANG 1320-12A	
3. ADDRESS OF OPERATOR: 418 E. MAIN ST CITY VERNAL STATE UT ZIP 84078				10. FIELD AND POOL, OR WILDCAT: Wildcat	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 851' FNL & 842' FEL AT PROPOSED PRODUCING ZONE: SAME AS ABOVE				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENE 12 13S 20E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 69.5 MILES SOUTH OF VERNAL, UT				12. COUNTY: UINTAH	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 842'		16. NUMBER OF ACRES IN LEASE: 19,199.80		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 320	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 2600'		19. PROPOSED DEPTH: 8,000		20. BOND DESCRIPTION: B-001556	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5937.1 GR		22. APPROXIMATE DATE WORK WILL START: 4/1/2005		23. ESTIMATED DURATION: 30 DAYS	

24. PROPOSED CASING AND CEMENTING PROGRAM							
SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12 1/4	9 5/8	H-40	32#	2,000	CEMENT "V"	180 SKS	3.82CF 15.8PPG
					CEMENT "G"	225 SKS	1.15 CF 15.8 PPG
7 7/8	4 1/2	M-80	11.6#	8,000	PREMIUM CEMENT	140 SKS	3.82 CF 11.0 PPG
					CLASS "G"	580 SKS	1.26 CF 14.15 PPG

25. ATTACHMENTS	
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:	
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input checked="" type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

**CONFIDENTIAL**

NAME (PLEASE PRINT) GINGER STRINGHAM TITLE AGENT

SIGNATURE *Ginger Stringham* DATE 3/11/2005

(This space for State use only)

API NUMBER ASSIGNED: 43-647-36360

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

Date: 04-15-05

See Instructions on Reverse Side

**RECEIVED****MAR 09 2005**

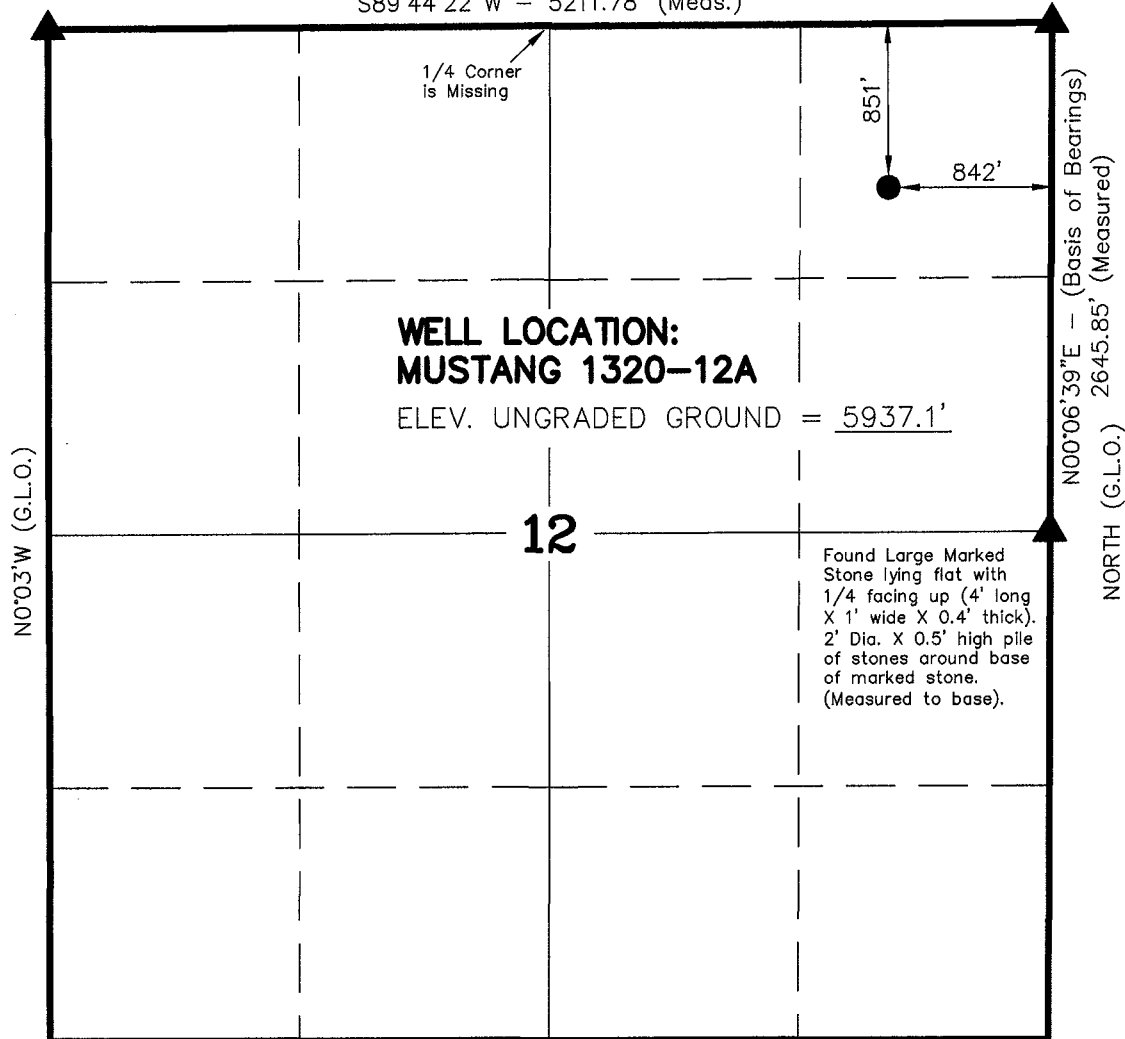
DIV. OF OIL, GAS &amp; MINING

Found Set Marked Stone  
(1.5' high X 0.4' E/W X  
0.3' N/S). Stone is on  
East edge of 3' Dia. X  
1' high pile of stones.

**T13S, R20E, S.L.B.&M.**

S89°52'W - 80.00 (G.L.O.)  
S89°44'22"W - 5211.78' (Meas.)

Set Marked  
Stone



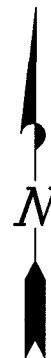
S89°56'W - 80.04 (G.L.O.)

**SLATE RIVER RESOURCES, LLC**

WELL LOCATION, MUSTANG 1320-12A,  
LOCATED AS SHOWN IN THE NE 1/4  
NE 1/4 OF SECTION 12, T13S, R20E,  
S.L.B.&M. UTAH COUNTY, UTAH.

**NOTES:**

1. Well footages are measured at right angles to the Section Lines.
2. Bearings are based on Global Positioning Satellite observations.



THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS  
PREPARED FROM FIELD NOTES OF LAND SURVEYS  
MADE BY ME OR UNDER MY SUPERVISION AND THAT  
THE SAME ARE TRUE AND CORRECT TO THE BEST OF  
MY KNOWLEDGE AND BELIEF.

*Kolby R. Kay*  
REGISTERED LAND SURVEYOR  
REGISTRATION No. 362251  
STATE OF UTAH  
KOLBY R. KAY

▲ = SECTION CORNERS LOCATED

BASIS OF ELEVATION IS BENCH MARK 66 WF 1952  
LOCATED IN THE NE 1/4 OF SECTION 6, T13S, R21E,  
S.L.B.&M. THE ELEVATION OF THIS BENCH MARK IS  
MARKED ON THE AGENCY DRAW NE 7.5 MIN.  
QUADRANGLE AS BEING 5812'.

**MUSTANG 1320-12A**  
(Proposed Well Head)  
NAD 83 Autonomous  
LATITUDE = 39° 42' 21.5"  
LONGITUDE = 109° 37' 17.3"

**TIMBERLINE LAND SURVEYING, INC.**

38 WEST 100 NORTH. - VERNAL, UTAH 84078  
(435) 789-1365

DATE SURVEYED: 2-22-05	SURVEYED BY: K.K.	SHEET 1 OF 10
DATE DRAWN: 2-24-05	DRAWN BY: J.R.S.	
SCALE: 1" = 1000'	Date Last Revised:	

UT10001.000

Eagle Minerals Ltd. Oil and Gas Lease

Dated February 1, 2005

Recorded Book 914, Page 535 Uintah County, Utah

**DESCRIPTION OF LEASED PREMISES:**

TOWNSHIP 12 SOUTH, RANGE 20 EAST, S.L.M.

Section 21:	All (640.00 acres)	Serial Number: 10:079:0001
Section 22:	All (640.00 acres)	Serial Number: 10:080:0001
Section 23:	All (640.00 acres)	Serial Number: 10:081:0001
Section 24:	W/2 (320.00 acres)	Serial Number: 10:082:0001
Section 25:	W/2 (320.00 acres)	Serial Number: 10:083:0001
Section 26:	All (640.00 acres)	Serial Number: 10:084:0001
Section 27:	All (640.00 acres)	Serial Number: 10:085:0001
Section 28:	All (640.00 acres)	Serial Number: 10:086:0001
Section 29:	All (640.00 acres)	Serial Number: 10:087:0001
Section 35:	All (640.00 acres)	Serial Number: 10:089:0001

TOWNSHIP 12 SOUTH, RANGE 21 EAST, S.L.M.

Section 31:	Lots 3, 4, E/2SW/4 (SW/4) (149.66 acres)	Serial Number: 10:093:0002
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TOWNSHIP 13 SOUTH, RANGE 20 EAST, S.L.M.

Section 1:	Lots 1,2,3,4, S/2N/2, S/2 (All) (640.24 acres)	Serial Number: 11:004:0001
Section 3:	Lots 1,2,3,4, S/2N/2, S/2 (All) (641.80 acres)	Serial Number: 11:005:0001
Section 4:	Lots 1,2,3,4, S/2N/2, S/2 (All) (642.00 acres)	Serial Number: 11:006:0001
Section 5:	Lots 1,2,3,4, S/2N/2, S/2 (All) (641.40 acres)	Serial Number: 11:007:0001
Section 6:	Lots 1,2,3,8,10,11,13, S/2 NE/4, SE/4NW/4, E/2SW/4, SE/4 (585.52 acres)	Serial Number: 11:008:0001
Section 7:	Lots 2,3,4,5, E/2W/2, E/2 (All) (636.15 acres)	Serial Number: 11:009:0001
Section 8:	All (640 acres)	Serial Number: 11:010:0001
Section 9:	All (640 acres)	Serial Number: 11:011:0001
Section 10:	All (640 acres)	Serial Number: 11:012:0001
Section 11:	All (640 acres)	Serial Number: 11:013:0001
Section 12:	All (640 acres)	Serial Number: 11:014:0001
Section 13:	All (640 acres)	Serial Number: 11:015:0001
Section 14:	All (640 acres)	Serial Number: 11:016:0001
Section 15:	E/2 (320 acres)	Serial Number: 11:017:0001
Section 22:	E/2 (320 acres)	Serial Number: 11:018:0001
Section 23:	All (640 acres)	Serial Number: 11:019:0001
Section 24:	All (640 acres)	Serial Number: 11:020:0001
Section 25:	All (640 acres)	Serial Number: 11:021:0001
Section 26:	All (640 acres)	Serial Number: 11:022:0001
Section 27:	NE/4 (160 acres)	Serial Number: 11:023:0001

TOWNSHIP 13 SOUTH, RANGE 21 EAST, S.L.M.

Section 6:	Lots 3,4,5,6,7, SE/4NW/4, E/2SW/4 (W/2) (299.60 acres)	Serial Number: 11:026:0002
Section 7:	Lots 1,2,3,4, E/2W/2 (W/2) (300.28 acres)	Serial Number: 11:027:0002
Section 18:	Lots 1,2,3,4, E/2W/2 (W/2) (301.64 acres)	Serial Number: 11:033:0001
Section 19:	Lots 1,2,3,4, E/2W/2 (W/2) (303.44 acres)	Serial Number: 11:034:0001
Section 30:	Lots 1,2,3,4, E/2W/2 (W/2) (304.80 acres)	Serial Number: 11:038:0001
Section 31:	Lots 1,2, E/2NW/4 (NW/4) (153.27 acres)	Serial Number: 11:039:0001

UINTAH COUNTY, UTAH

containing a total of 19,199.80 acres, more or less

**UT10002.000**

**Uintah Oil Association Oil & Gas Lease**

**Dated September 15, 2004**

**Recorded Book 904, Page 1 Uintah County, Utah**

**Description of Leased Premises**

Township 12 South, Range 21 East

Sec 31: SE/4

Sec 32: S/2

Township 13 South, Range 21 East

Sec 5: Lots 2,3,4, S/2NW/4, SW/4NE/4, SW/4, W/2SE/4

Sec 6: Lots 1,2, S/2NE/4, SE/4

Sec 7: E/2

Sec 8: W/2, W/2NE/4, NW/4SE/4

Uintah County, Utah

2,038.96 acres

**UT10003.000**

**Utah Oil Shales, Inc. Oil & Gas Lease**

**Dated September 15, 2004**

**Recorded Book 904, Page 9 Uintah County, Utah**

**Description of Leased Premises**

Township 13 South, Range 21 East

Sec 4: Lots 1,2,3,4, S/2N/2, S/2

Sec 5: Lot 1, SE/4NE/4, E/2SE/4

Sec 8: E/2E/2, SW/4SE/4

Sec 9: All

Sec 16: W/2

Sec 17: E/2

Uintah County, Utah

2,278.69 acres

Slate River Resources  
418 E. Main  
Vernal, UT 84078  
435-781-1871

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DIV. OF OIL, GAS & MINING

Please hold all information associated with this Application for Permit to Drill  
confidential for one year.

**Ten Point Plan**  
**Slate River Resources, LLC**  
**Utah Oil Shales 1320-12A**

**Section 12, Township 13 South, Range 20 East, NENE**

**1. Surface Formation**

Green River

**2. Estimated Formation Tops and Datum:**

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
Green River	Surface	5937.1' G.R.
Wasatch	2410'	3527.1'
Mesaverde	4910'	1027.1'
Castlegate	6890'	-952.9'
Mancos	7450'	-1512.9'
TD	8000'	-2062.9'

A 12 ¼ hole will be drilled to 2,000' +/- . The hole depth will depend on the depth that the Birds Nest Zone is encountered. The hole will be drilled 400' beyond the top of the Birds Nest.

**3. Producing Formation Depth:**

Formation objective includes the Green River, Wasatch, Mesaverde and its sub-members.

Off Set Well information (Wells within a one-mile radius)

**Drilling/Permitted:**

Mustang 1321-6N  
Uintah Oil Association 1321-7A  
Mustang 1321-7F

**Abandon Well:**

Agency Draw 16-2  
Agency Draw 1-1A  
Byllesby 4

#### 4. Proposed Casing:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight/FT</u>	<u>Grade</u>	<u>Coupling &amp; Tread</u>	<u>Casing Depth</u>	<u>New/Used</u>
12 1/4	9 5/8	32#	H-40	ST&C	2000	NEW
7 7/8	4 1/2	11.6#	M-80	LT&C	T.D.	NEW

#### Cement Program:

The Surface Casing will be cemented to the Surface as follows:

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:	9 5/8	Cement "V" Gel 16% BWOC Gilsonite 10#/sk Salt 3% BWOC GR-3 3#/sk Flocele 1/4#/sk	180 sks +/-	3.82 ft <sup>3</sup> /sk	15.8 ppg
Tail:	9 5/8	Cement "G" Calcium Chloride 2% BWOC Flocele 1/4 #/sk 0.1% R-3 2% Bentonite	225 sks. +/-	1.15 ft <sup>3</sup> /sk	15.8 ppg
Top Out:	9 5/8	Cement "G" Calcium Chloride 3%BWOC Flocele 1/4 #/sk	100 sks +/-	1.15 ft <sup>3</sup> /sk	15.8 ppg

Production casing will be cemented to 2,000' or higher as follows:

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:					
	4 1/2	Premium Cement 100% Gel 16% BWOC Salt 3% BWOC Gilsonite 10#/sk Flocele 1/4 #/sk GR-3 3#/sk	140 sks +/-	3.82ft <sup>3</sup> /sk	11.0 ppg
Tail:					
	4 1/2	Class "G" 50% POZ 50% Gel 2% BWOC Salt 10%BWOC Dispersant .2% BWOC Fluid loss .3% Flocele 1/4 #/sk	580 sks +/-	1.26ft <sup>3</sup> /sk	14.15 ppg

##### **5. BOP and Pressure Containment Data:**

The anticipated bottom hole pressure will be less than 3600 psi.

A 3000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 9 5/8" surface casing. The BOP system including the casing will be pressure tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

##### **6. Mud Program:**

<u>Interval</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./OT.</u>	<u>Fluid Loss Ml/30 Mins.</u>	<u>Mud Type</u>
0-2000	Air/Mist	-----	No Control	Air/Air mist
2000-T.D.	8.4-12.0	30	8-10	Water/Gel

## **7. Auxiliary Equipment**

Upper Kelly cock, full opening stabbing valve, 2 ½" choke manifold and pit level indicator.

## **8. Testing, Coring, Sampling and Logging:**

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Every 25' from 2000' to T.D.
- d) Logging: 

Type	Interval
DLL/SFL W/GR and SP	T.D. to Surf. Csg
FDC/CNL W/GR and CAL	T.D. to Surf. Csg

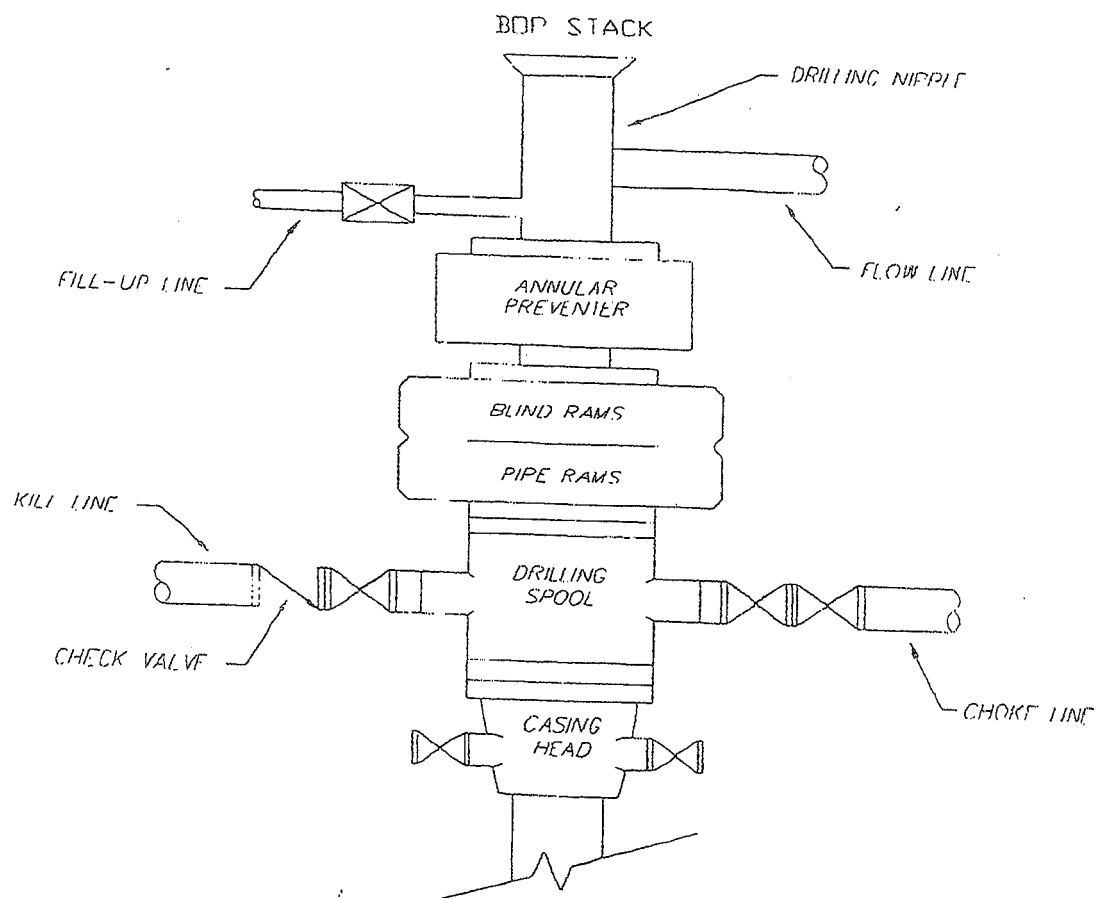
## **9. Abnormalities (including sour gas):**

No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch Formation. Other wells drilled in the area have not encountered over pressured zones or H<sub>2</sub>S.

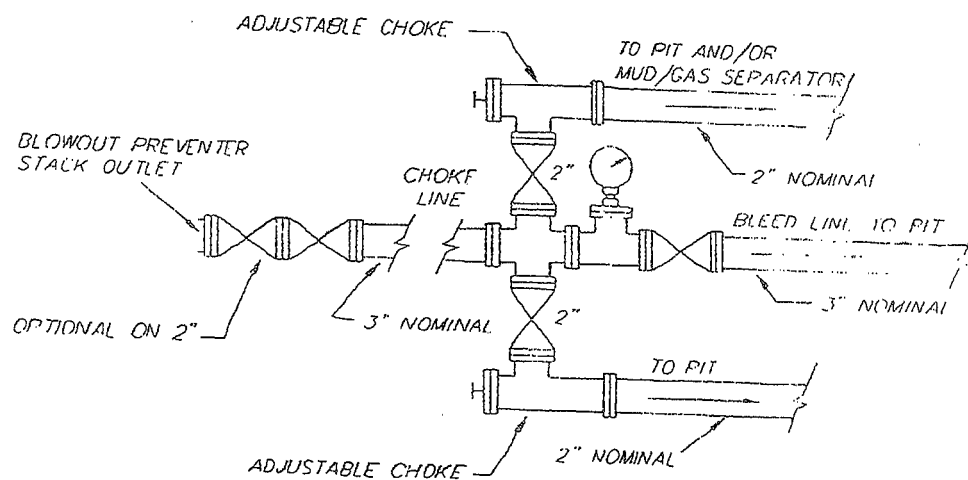
## **10. Drilling Schedule:**

The anticipated starting date is April 1, 2005. Duration of operations is expected to be 30 days.

TYPICAL 3,000 p.s.i.  
BLOWOUT PREVENTER SCHEMATIC



TYPICAL 3,000 p.s.i.  
CHOKER MANIFOLD SCHEMATIC



**SLATE RIVER RESOURCES, LLC**

**13 POINT SURFACE USE PLAN**

**FOR WELL**

**MUSTANG 1320-12A**

**LOCATED IN THE NE ¼ NE ¼**

**SECTION 12, TOWNSHIP 13 SOUTH, RANGE 20 EAST S.L.B. & M.**

**UINTAH COUNTY, UT**

**LEASE NUMBER: UT10001.000**

**SURFACE OWNERSHIP: FEE**

1. Existing Roads:

SLATE RIVER RESOURCES, LLC  
Mustang 1320-12A  
Section 12, T13S, R20E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION ALONG STATE HIGHWAY 88 APPROXIMATELY 17 MILES TO OURAY, UTAH; FROM OURAY, PROCEED IN A SOUTHERLY DIRECTION ALONG THE SEEP RIDGE ROAD (COUNTY B ROAD 2810) APPROXIMATELY 29.4 MILES TO ITS INTERSECTION WITH THE BUCK CANYON ROAD (COUNTY B ROAD 5460); EXIT RIGHT AND PROCEED IN A SOUTHWESTERLY DIRECTION ALONG THE BUCK CANYON ROAD APPROXIMATELY 3.2 MILES TO WILLOW CREEK; TURN RIGHT AND PROCEED IN A NORTHWESTERLY DIRECTION ALONG THE WILLOW CREEK ROAD (COUNTY B ROAD 5120) APPROXIMATELY 2.1 MILES TO ITS INTERSECTION WITH THE AGENCY DRAW ROAD (COUNTY B ROAD 5340); EXIT LEFT AND PROCEED IN A WESTERLY THEN SOUTHERLY DIRECTION ALONG THE AGENCY DRAW ROAD APPROXIMATELY 2.7 MILES TO THE PROPOSED ACCESS ROAD; FOLLOW ROAD FLAGS IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 1.1 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 69.5 MILES.

All existing roads to the proposed location are State of Utah, BLM maintained or County Class D roads. Please see the attached map for additional details.

2. Planned access road

The proposed access road will be approximately 5808' +/- of new construction on lease. The road will be graded once per year minimum and maintained.

A) Approximate length	5808 ft
B) Right-of-Way width	30 ft
C) Running surface	18 ft
D) Surface material	Native soil
E) Maximum grade	5%
F) Fence crossing	None
G) Culvert	None
H) Turnouts	None
I) Major cuts and fills	None
J) Road Flagged	Yes
K) Access road surface ownership	Fee
L) All new construction on lease	Yes
M) Pipe line crossing	No

Please see the attached location plat for additional details.

An off lease Right-of-Way will not be required.

All surface disturbances for the road and location will be within the lease boundary.

3. Location of existing wells

The following wells are located within a one-mile radius of the location site.

A) Producing well	None
B) Water well	None
C) Abandoned well	
Agency Draw 16-2	
Agency Draw 1-1A	
Byllesby 4	
D) Temp. abandoned well	None
E) Disposal well	None
F) Drilling /Permitted well	
Mustang 1321-6N	
Uintah Oil Association 1321-7A	
Mustang 1321-7F	
G) Shut in wells	None
H) Injection well	None
I) Monitoring or observation well	None

Please see the attached map for additional details.

4. Location of tank batteries, production facilities and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a **Carlsbad Canyon or Olive Green** color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded.

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

The operator will adhere to all site security guidelines and regulation identified in 43 cfr 3126.7.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval from the authorized officer.

If the well is capable of economic production a surface gas line will be required.

**Approximately 7270' +/- of 3" pipeline would be constructed on Private Lands. The line would tie into the proposed pipeline in Section 6, T13S, R21E. The line will be strung and boomed to the east of the location and will follow access roads.**

**An off lease Right-of-Way will not be required.**

Please see the attached location diagrams for pipeline location. There will be no additional surface disturbances required for the installation of a gathering line.

The gas meter run will be located within 500' of the wellhead. The gas line will be buried or anchored down from the wellhead to the meter. Meter runs will be housed and/or fenced.

The gas meter will be calibrated and the tank strapped in place prior to any

deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The authorized officer will be provided with a date and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration report will be submitted to the BLM's Vernal District office and State of Utah, Division of Oil, Gas, and Mining. All measurement facilities will conform to API (American Petroleum Institute) and AGA (American Gas Association) standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

**Water for drilling and cementing  
will come from Willow Creek  
Permit # - T75377.**

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. Additional road gravel or pit lining material will be obtained from private resources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately 8 ft. deep and most of the depth shall be below the surface of the existing ground. Please see the attached plat for details.

The reserve pit will be lined.

The reserve pit will be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 120 days after initial production. During the 120-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized landfill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follows:

- A) Pad length                      340 ft
- B) Pad width                       250 ft
- C) Pit depth                        8 ft
- D) Pit length                       160 ft
- E) Pit width                        60 ft
- F) Max cut                         14.8 ft
- G) Max fill                         6.5 ft
- H) Total cut yds.    5,690 cu yds
- I) Pit location                      south side
- J) Top soil location                      south sides
- K) Access road location                      east side
- L) Flare Pit                         corner C

Please see the attached location diagram for additional details.

All pits will be fenced according to the following minimum standards:

- A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.
- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.

C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.

E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately **1,510** cubic yards of material. Topsoil will be stockpiled in one distinct pile.

Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. The unused portion of the location (the area outside the dead men) will be re-contoured.

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored

to its original line of flow or as near as possible when the pit is back-filled

All disturbed areas will be re-contoured to the approximate natural contours. Prior to back filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 120 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rainfall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert the run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified. And left with a rough surface.

A) Seeding dates:

Seed will be spread when topsoil is stock piled and when reclamation work is performed.

The seed mix and quantity list will be used whether the seed is broadcast or drilled.

B) Seed Mix

**To be determined by surface owner or will reflect the native vegetation.**

11. Surface ownership:

<b>Access road</b>	<b>Fee</b>
<b>Location</b>	<b>Fee</b>
<b>Pipe line</b>	<b>Fee</b>

12. Other information:

A) Vegetation

The vegetation coverage is Slight. The majority of the existing vegetation consists of Sagebrush. Rabbit brush, Bitter Brush, and Indian Rice grass are also found on the location.

B) Dwellings:

There are no dwelling or other facilities within a one-mile radius of the location.

C) Archeology:

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations, which would affect such sites, will be suspended and the discovery reported promptly to the surface owner.

D) Water:

The nearest water is Willow Creek located approximately 4 miles to the East.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior application.

F) Notification:

- a) Location Construction  
At least forty eight (48) hours prior to construction of location and access roads.
- b) Location completion  
Prior to moving on the drilling rig.
- c) Spud notice  
At least twenty-four (24) hours prior to spudding the well.
- d) Casing string and cementing  
At least twenty-four (24) hours prior to running casing and cementing all casing strings.
- e) BOP and related equipment tests  
At least twenty-four (24) hours prior to initial pressure tests.
- f) First production notice  
Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.

G) Flare pit:

The flare pit will be located in **corner C** of the reserve pit out side the pit fences and 100 feet from the bore hole on the east side of the location. All fluids will be removed from the pit within 48 hours of occurrence.

13. Lessees or Operator's representative and certification

A) Representative(s)

JT Conley  
Slate River Resources, LLC  
418 East Main ST  
Vernal, UT 84078

Office 435-781-1871  
Fax 435-781-1875

Ginger P Stringham, Agent  
Paradigm Consulting, INC  
PO BOX 790203  
Vernal, UT 84079

Office 435-790-4163  
Fax 435-789-0255

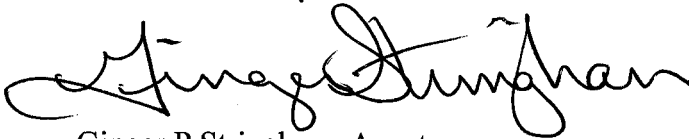
All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

**B) Certification:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route, that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be preformed by Slate River Resources, LLC and its contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.

Date 3/11/05

A handwritten signature in black ink, appearing to read "Ginger P Stringham". The signature is fluid and cursive, with a large initial "G" and a long, sweeping underline.

Ginger P Stringham, Agent  
Paradigm Consulting, INC

**Onsite Dates:**

**RECEIVED**  
MAY 06 2004  
WATER RIGHTS  
VERNAL

# TEMPORARY APPLICATION TO APPROPRIATE WATER

Rec. by SMW  
Fee Paid \$ 75.00 ck # 020991  
Receipt # 04-01905

## STATE OF UTAH

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements of Title 73, Chapter 3, Utah Code Annotated 1953, as amended.

WATER RIGHT NUMBER: 49 - 2179

TEMPORARY APPLICATION NUMBER: T75377

(BMW)

\*\*\*\*\*

### 1. OWNERSHIP INFORMATION:

LAND OWNED? No

A. NAME: A-1 Tank Rental and Brine Service  
ADDRESS: P. O. Box 1168  
Vernal UT 84078

B. PRIORITY DATE: May 6, 2004

FILING DATE: May 6, 2004

### 2. SOURCE INFORMATION:

A. QUANTITY OF WATER: 10.0 acre-feet

B. SOURCE: Willow Creek

COUNTY: Uintah

### C. POINT OF DIVERSION -- SURFACE:

(1) N 150 feet W 650 feet from SE corner, Section 29, T 12S, R 21E, SLBM  
DIVERT WORKS: Pump into tank trucks and haul to place of use

D. COMMON DESCRIPTION: 30 miles southwest of Vernal

### 3. WATER USE INFORMATION:

OIL EXPLORATION: from May 15 to May 1 Drilling and completion of oil/gas wells  
in the south Ouray area.

Period of Use - May 15, 2004 to May 14, 2005.

\*-----\*

### 4. PLACE OF USE: (which includes all or part of the following legal subdivisions:)

BASE	TOWN	RANG	SEC	NORTH-WEST 1/4				NORTH-EAST 1/4				SOUTH-WEST 1/4				SOUTH-EAST 1/4			
				NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE
SL	10S	21E		Entire TOWNSHIP															
SL	10S	22E		Entire TOWNSHIP															
SL	11S	21E		Entire TOWNSHIP															
SL	11S	22E		Entire TOWNSHIP															
SL	12S	21E		Entire TOWNSHIP															
SL	12S	22E		Entire TOWNSHIP															

### **Statement of use of Hazardous Materials**

No chemical(s) from the EPA's consolidated list of Chemicals Subject to Reporting under Title III of the Superfund Amendments and Reauthorization, Act (SARA) of 1986 will be used, produced, transported, stored, disposed, or associated with the proposed action. No extremely hazardous substances, as defined in 40 cfr 355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

If you require additional information please contact:

Ginger Stringham  
Agent for Slate River Resources, LLC  
Paradigm Consulting, INC  
PO BOX 790203  
Vernal, UT 84079

435-790-4163 Office  
435-789-0255 Fax

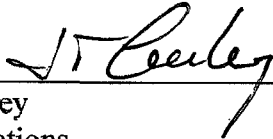
AFFIDAVIT OF SURFACE OWNER USE AGREEMENT

Slate River Resources, LLC has in place, agreements with the surface owners of the following leases. Slate River Resources, LLC is the operator and makes this certification that the agreements provide for management of the Fee surface lands under development.

**Eagle Minerals Ltd. Oil and Gas Lease**

**Uintah Oil Association Oil & Gas Lease**

**Utah Oil Shales, Inc. Oil & Gas Lease**



---

J.T. Conley  
VP Operations  
Slate River Resources, LLC  
418 East Main  
Vernal, UT 84078  
435-781-1871

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 5

DESIGNATION OF AGENT OR OPERATOR

The undersigned is, on record, the holder of oil and gas lease

LEASE NAME: Fee Leases, see attached

LEASE NUMBER: Fee, no numbers assigned

and hereby designates

NAME: Ginger Stringham, Paradigm Consulting Inc.

ADDRESS: PO Box 790203

city Vernal state UT zip 84078

as his (check one) agent ☒ / operator ☐, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the Division Director or Authorized Agent may serve written or oral instructions in securing compliance with the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah with respect to:

(Describe acreage to which this designation is applicable. Identify each oil and gas well by API number and name. Attach additional pages as needed.)

Fee leases, see attached

It is understood that this designation of agent/operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah. It is also understood that this designation of agent or operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated agent/operator, the lessee will make full and prompt compliance with all rules, lease terms or orders of the Board of Oil, Gas and Mining of the State of Utah or its authorized representative.

The lessee agrees to promptly notify the Division Director or Authorized Agent of any change in this designation.

Effective Date of Designation: 03/01/2005

BY: (Name) J.T. Conley

(Signature) 

(Title) VP Operations

(Phone) (435) 781-1871

OF: (Company) Slate River Resources, LLC

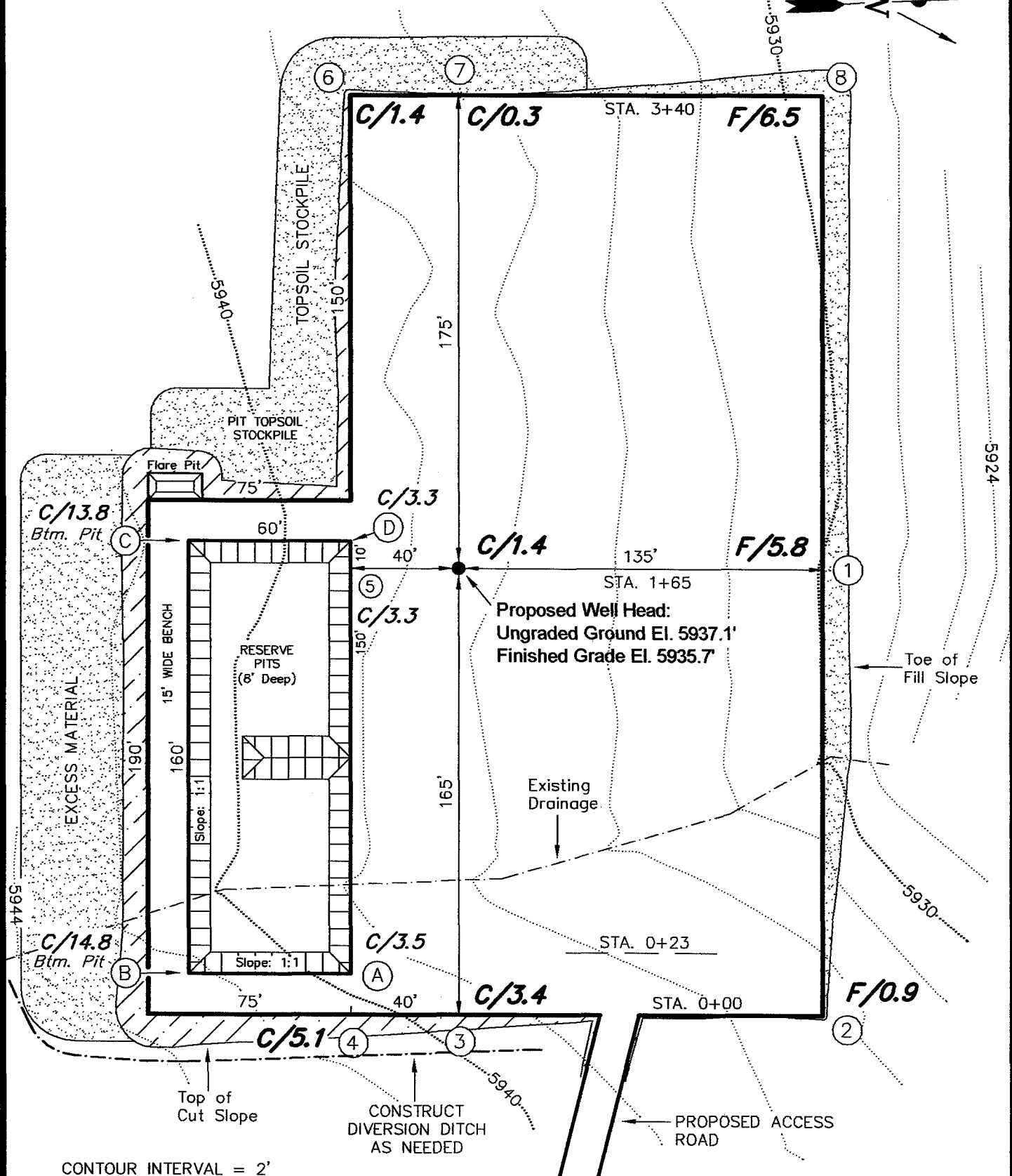
(Address) 418 East Main

city Vernal

state UT zip 84078

# SLATE RIVER RESOURCES, LLC

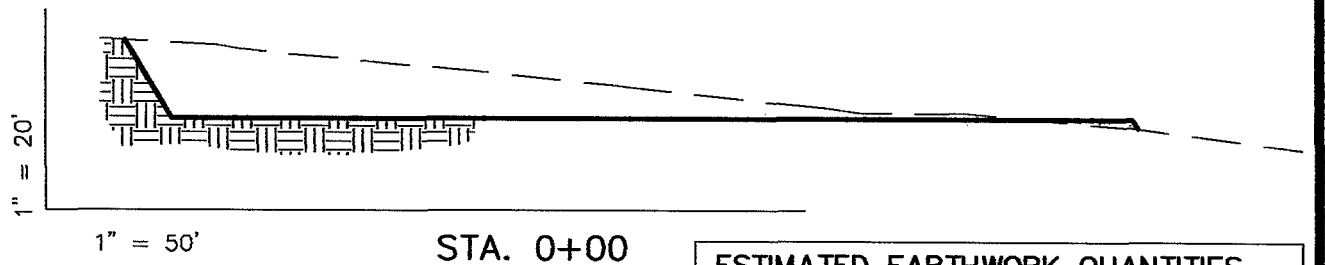
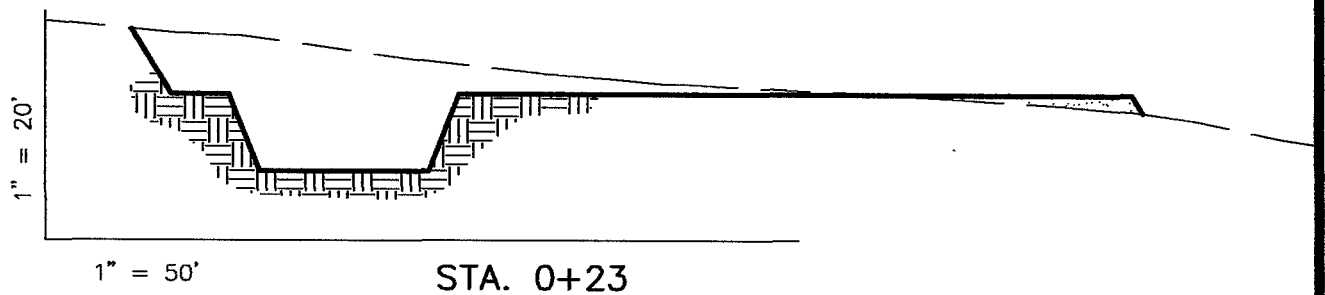
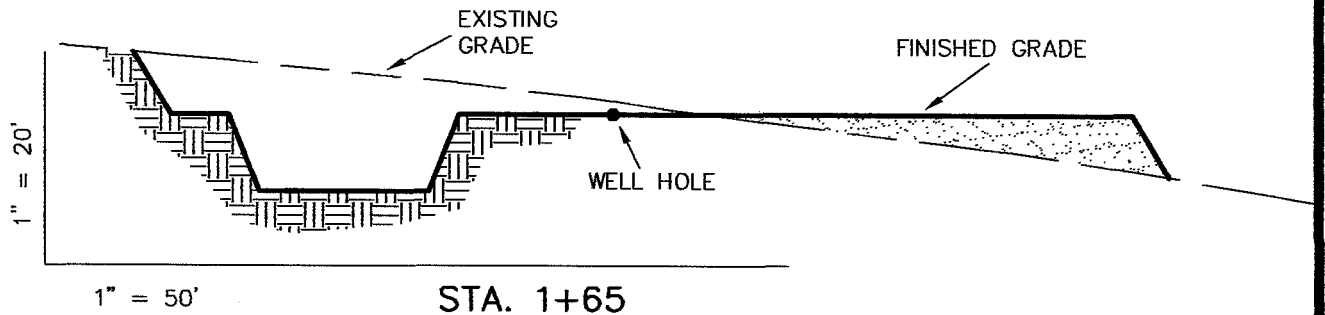
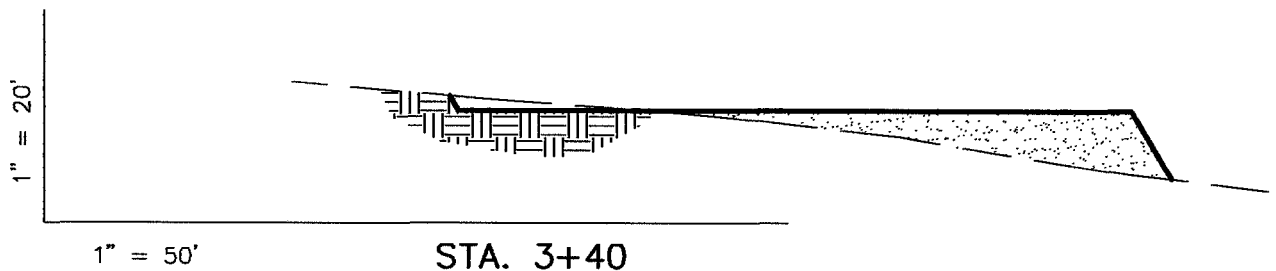
## CUT SHEET MUSTANG 1320-12A



Section 12, T13S, R20E, S.L.B.&M.		Qtr/Qtr Location: NE NE		Footage Location: 851' FNL & 842' FEL	
Date Surveyed: 2-22-05	Date Drawn: J.R.S.	Date Last Revision:	<div>Timberline Land Surveying, Inc. 38 WEST 100 NORTH VERNAL, UTAH 84078 (435) 789-1365</div>		SHEET 2 OF 10
Surveyed By: K.K.	Drawn By: J.R.S.	Scale: 1" = 50'			

# SLATE RIVER RESOURCES, LLC

## CROSS SECTIONS MUSTANG 1320-12A



### REFERENCE POINTS

185' NORTHERLY = 5926.6'  
 235' NORTHERLY = 5917.7'  
 225' WESTERLY = 5934.9'  
 275' WESTERLY = 5935.1'

NOTE:  
 UNLESS OTHERWISE NOTED  
 ALL CUT/FILL SLOPES ARE  
 AT 1.5:1

### ESTIMATED EARTHWORK QUANTITIES

(Expressed in Cubic Yards)

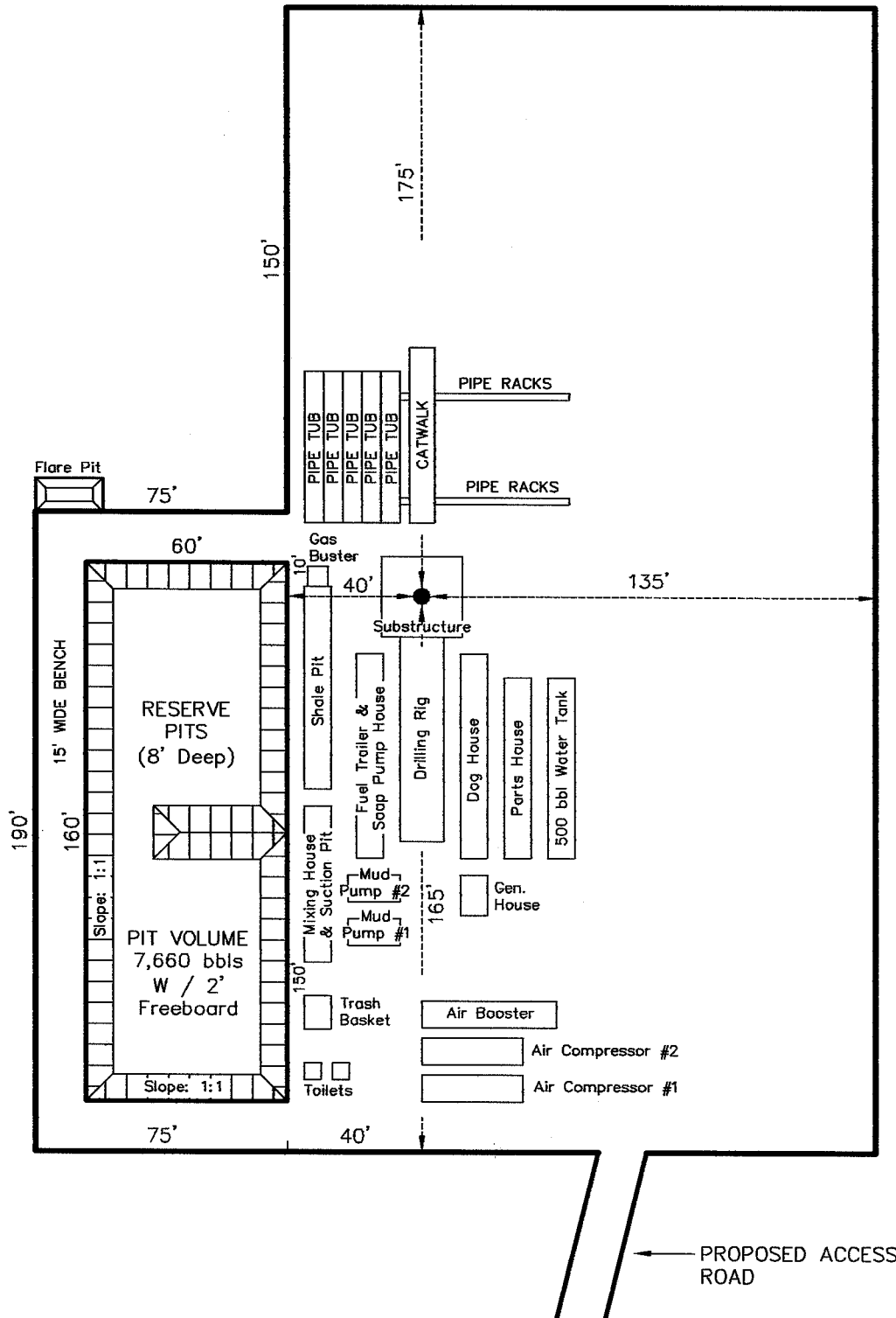
ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	3,420	4,550	Topsoil is not included in Pad Cut	-1,130
PIT	2,270	0		2,270
TOTALS	5,690	4,550	1,510	1,140

Excess Material after Pit Rehabilitation = 0 Cu. Yds.

Section 12, T13S, R20E, S.L.B.&M.		Qtr/Qtr Location: NE NE		Footage Location: 851' FNL & 842' FEL	
Date Surveyed: 2-22-05	Date Drawn: J.R.S.	Date Last Revision:	<b>Timberline</b> (435) 789-1365 <b>Land Surveying, Inc.</b> 38 WEST 100 NORTH VERNAL, UTAH 84078		SHEET 3 OF 10
Surveyed By: K.K.	Drawn By: J.R.S.	Scale: 1" = 50'			

# SLATE RIVER RESOURCES, LLC

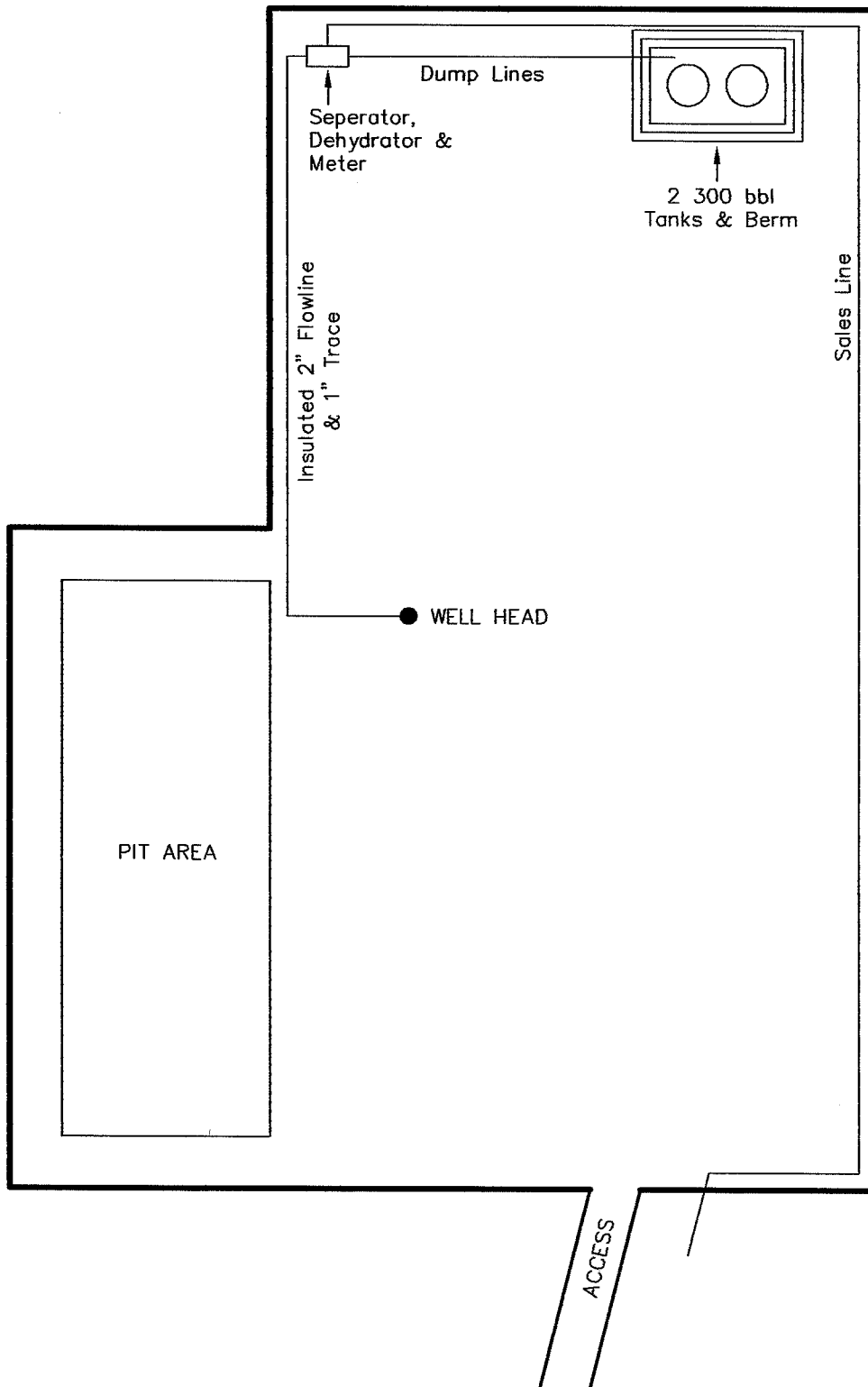
## TYPICAL RIG LAYOUT MUSTANG 1320-12A



Section 12, T13S, R20E, S.L.B.&M.		Qtr/Qtr Location: NE NE		Footage Location: 851' FNL & 842' FEL	
Date Surveyed: 2-22-05	Date Drawn: J.R.S.	Date Last Revision:	<div><b>Timberline</b> <i>Land Surveying, Inc.</i> 38 WEST 100 NORTH VERNAL, UTAH 84078 (435) 789-1365</div>		SHEET 4 OF 10
Surveyed By: K.K.	Drawn By: J.R.S.	Scale: 1" = 50'			

# SLATE RIVER RESOURCES, LLC

## TYPICAL PRODUCTION LAYOUT MUSTANG 1320-12A



Section 12, T13S, R20E, S.L.B.&M.

Qtr/Qtr Location: NE NE

Footage Location: 851' FNL & 842' FEL

Date Surveyed:  
2-22-05

Date Drawn:  
J.R.S.

Date Last Revision:

**Timberline**  
Land Surveying, Inc.  
(435) 789-1365

SHEET

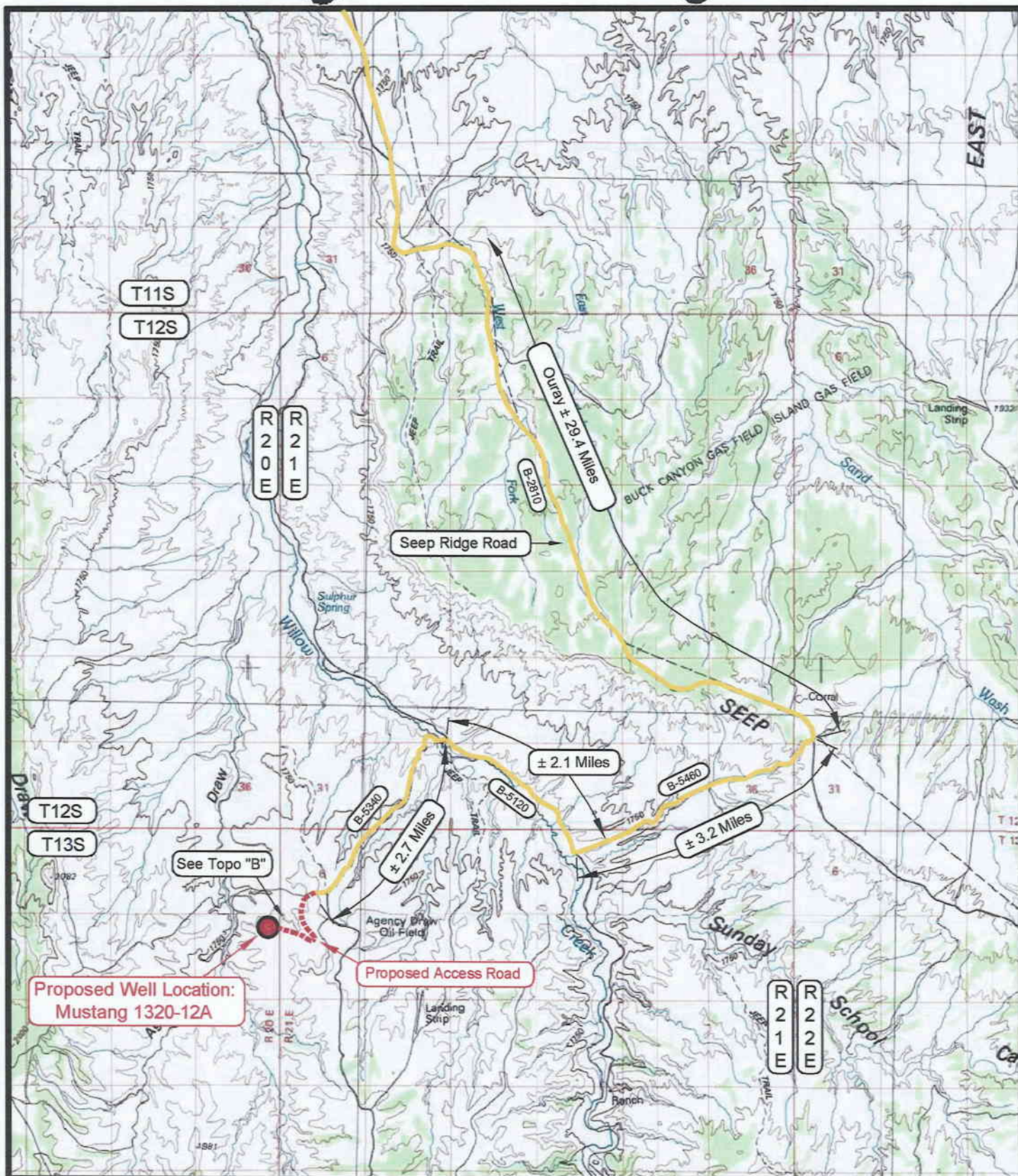
Surveyed By: K.K.

Drawn By: J.R.S.

Scale: 1" = 50'

38 WEST 100 NORTH VERNAL, UTAH 84078

**5**  
OF 10



# LEGEND

- = PROPOSED WELL LOCATION
- = EXISTING ROAD
- = PROPOSED ACCESS ROAD

B-5460 = COUNTY ROAD CLASS & NUMBER

## TOPOGRAPHIC MAP "A"

SCALE: 1:100,000

DRAWN BY: J.R.S.

DATE SURVEYED: 2-22-05

DATE DRAWN: 2-24-05

REVISED:

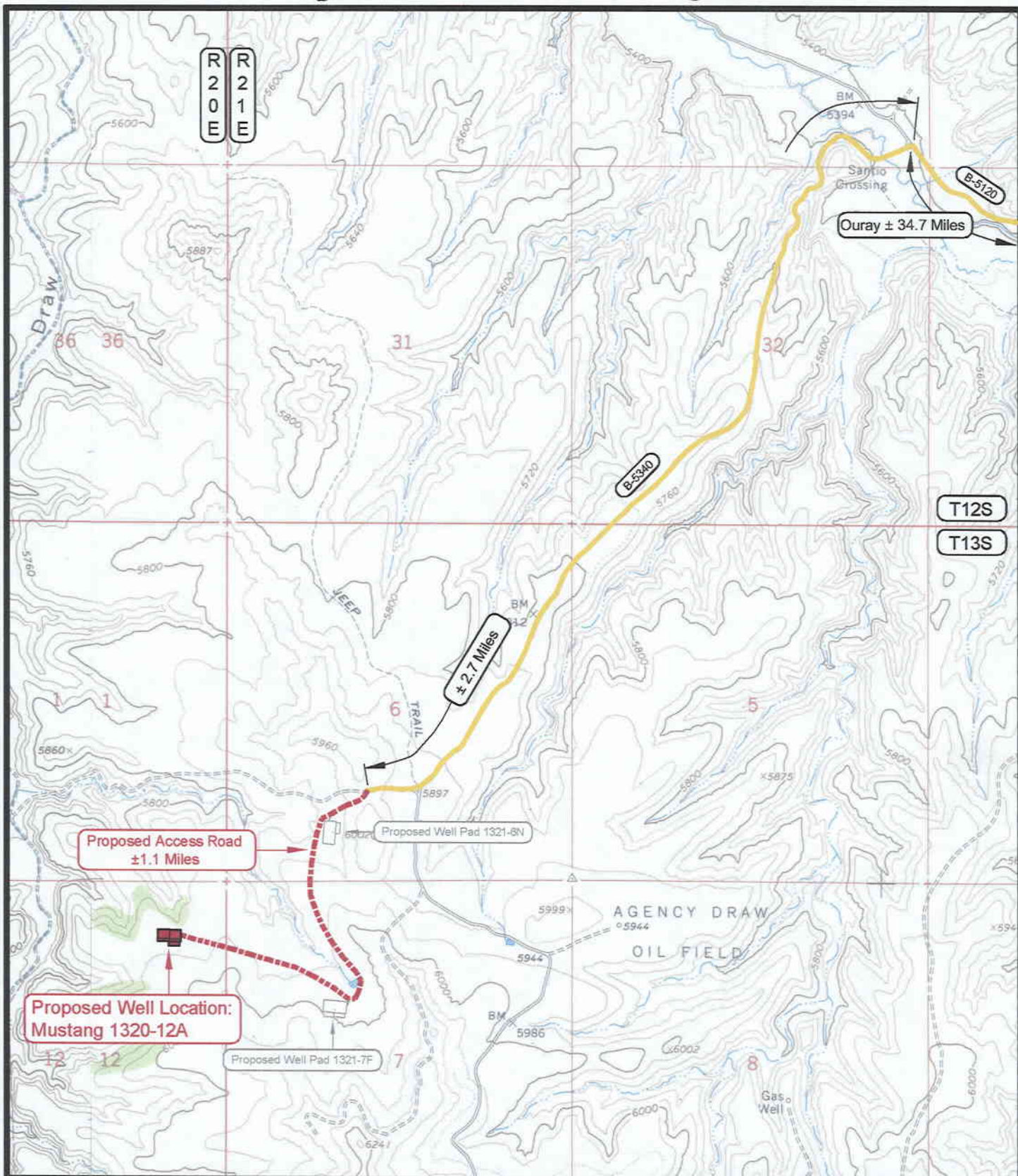
## SLATE RIVER RESOURCES, LLC

**Mustang 1320-12A**  
**SECTION 12, T13S, R20E, S.L.B.&M.**  
**851' FNL & 842' FEL**

## Timberline Land Surveying, Inc.

38 West 100 North Vernal, Utah 84078  
 (435) 789-1365

SHEET  
 6  
 OF 10



#### LEGEND

- = EXISTING ROAD
- = EXISTING ROAD (TO BE IMPROVED)
- - - = PROPOSED ACCESS ROAD
- B-5480 = COUNTY ROAD CLASS & NUMBER

#### TOPOGRAPHIC MAP "B"

SCALE: 1" = 2000'

DRAWN BY: J.R.S.

DATE SURVEYED: 2-22-05

DATE DRAWN: 2-25-05

REVISED:

#### SLATE RIVER RESOURCES, LLC

**Mustang 1320-12A**  
**SECTION 12, T13S, R20E, S.L.B.&M.**  
**851' FNL & 842' FEL**

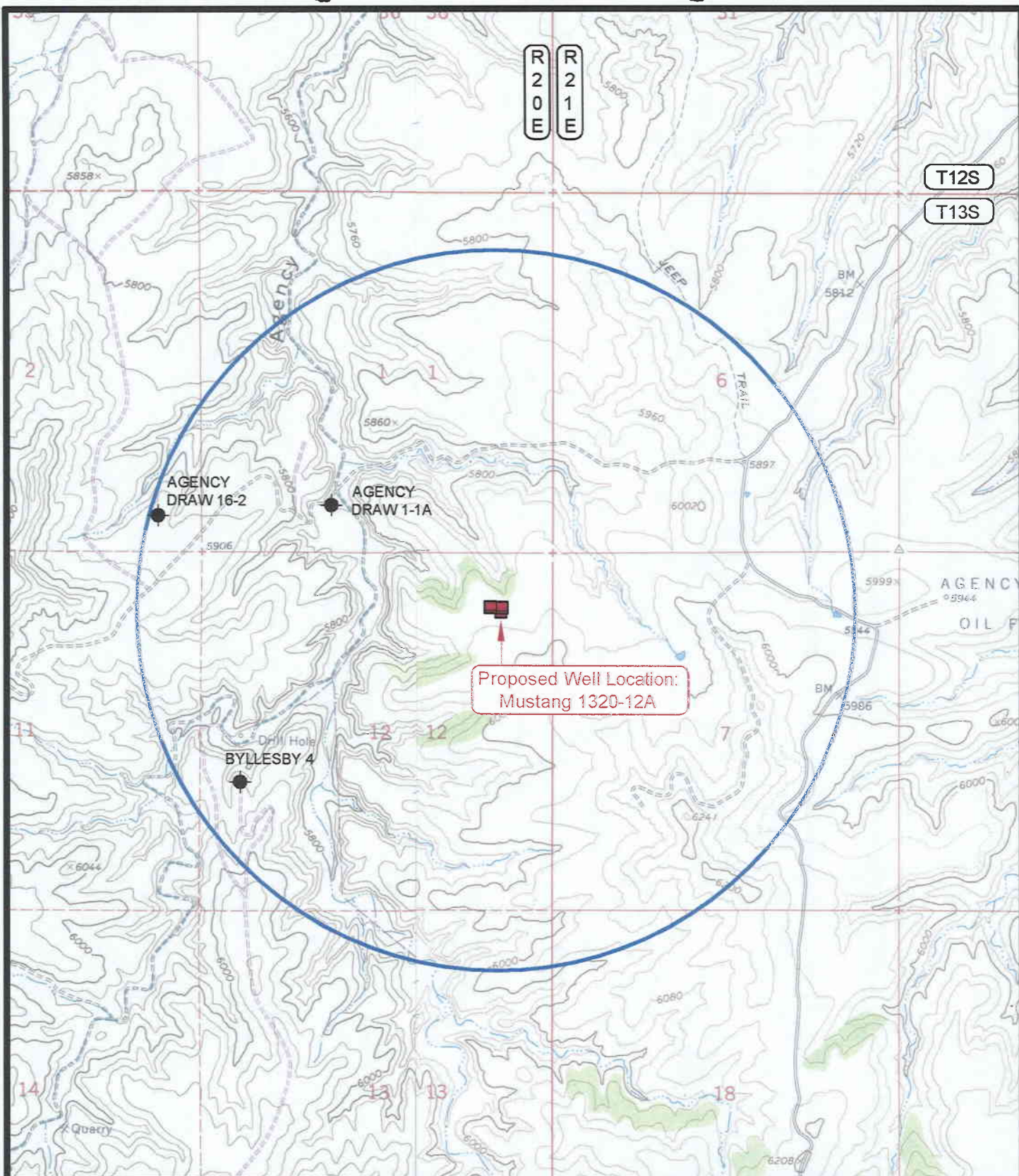
#### Timberline Land Surveying, Inc.

38 West 100 North Vernal, Utah 84078  
 (435) 789-1365

SHEET

7

OF 10



#### LEGEND

- |                    |                                |
|--------------------|--------------------------------|
| Ø = DISPOSAL WELL  | Ø = WATER WELL                 |
| ● = PRODUCING WELL | ● = ABANDONED WELL             |
| ● = SHUT IN WELL   | ● = TEMPORARILY ABANDONED WELL |

#### TOPOGRAPHIC MAP "C"

SCALE: 1" = 2000'

DRAWN BY: J.R.S.

DATE SURVEYED: 2-22-05

DATE DRAWN: 2-24-05

REVISED:

#### SLATE RIVER RESOURCES, LLC

**Mustang 1320-12A**  
**SECTION 12, T13S, R21E, S.L.B.&M.**  
**851' FNL & 842' FEL**

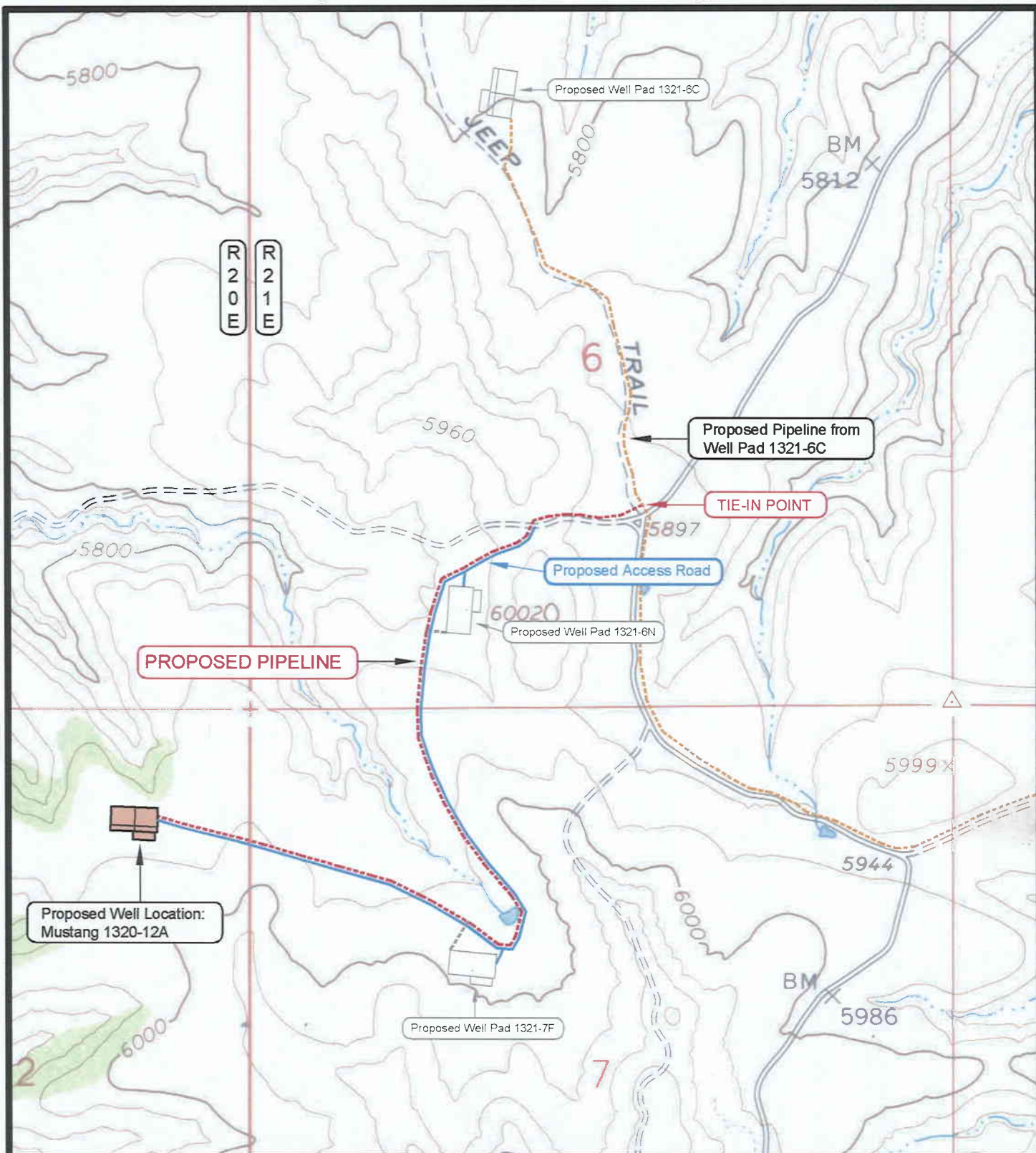
#### Timberline Land Surveying, Inc.

38 West 100 North Vernal, Utah 84078  
 (435) 789-1365

SHEET

8

OF 10



**APPROXIMATE PIPELINE LENGTH = 7,270 FEET**

#### LEGEND

- = EXISTING PIPELINE
- - - - - = PROPOSED PIPELINE
- — — = PROPOSED ACCESS ROAD

#### TOPOGRAPHIC MAP "D"

SCALE: 1" = 1000'

DRAWN BY: J.R.S.

DATE SURVEYED: 2-22-05

DATE DRAWN: 2-25-05

REVISED:

#### SLATE RIVER RESOURCES, LLC

**Mustang 1320-12A**  
**SECTION 12, T13S, R20E, S.L.B.&M.**  
**851' FNL & 842' FEL**

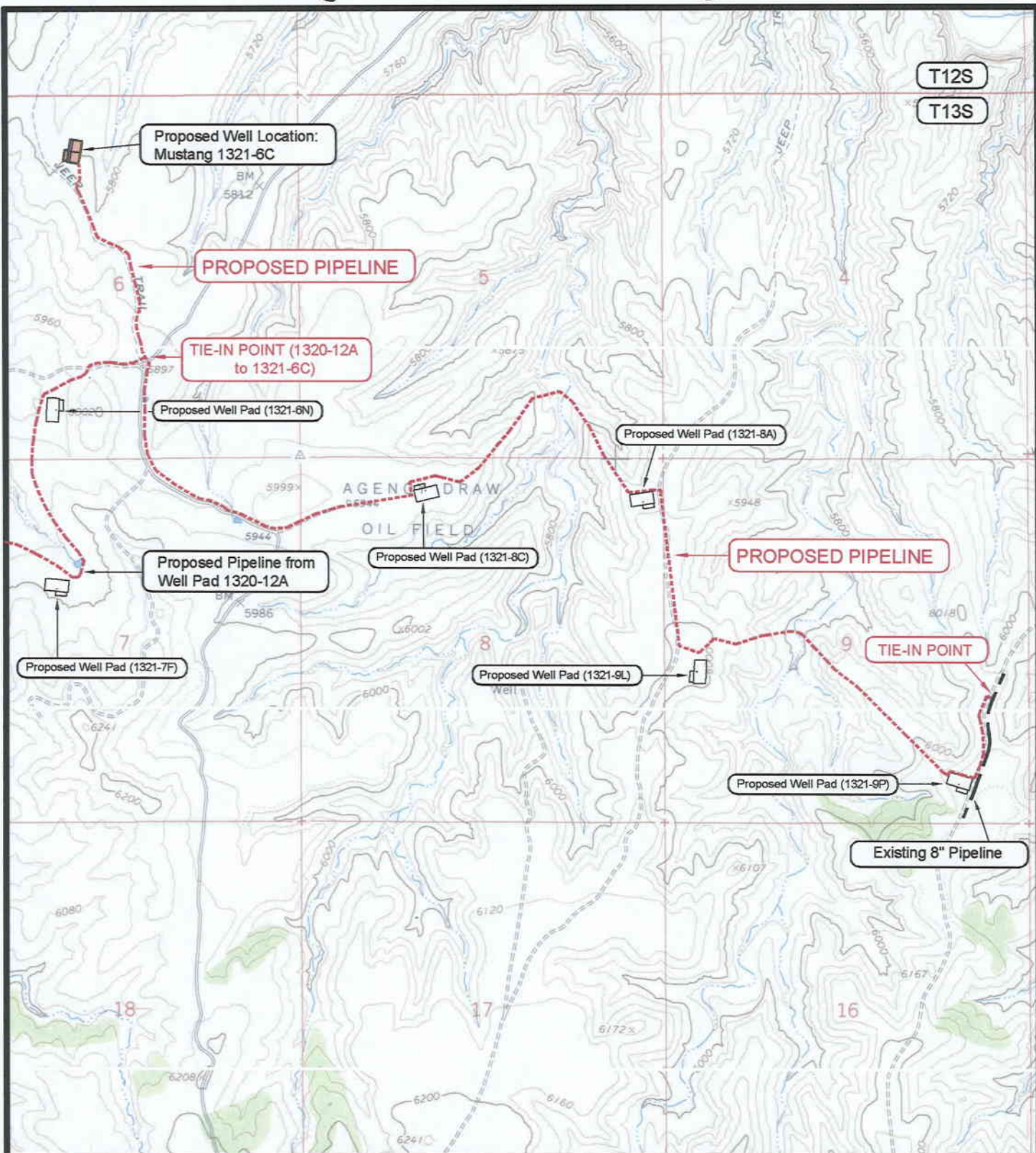
#### Timberline Land Surveying, Inc.

38 West 100 North Vernal, Utah 84078  
 (435) 789-1365

SHEET

9

OF 10



**APPROXIMATE PIPELINE LENGTH = 23,090'**

#### LEGEND

- = EXISTING PIPELINE
- - - - = PROPOSED PIPELINE
- = PROPOSED ACCESS ROAD

**TOPOGRAPHIC MAP "D-1"**

SCALE: 1" = 2000'

DRAWN BY: J.R.S.

DATE SURVEYED: 2-22-05

DATE DRAWN: 2-25-05

LATEST REVISION: 3-3-05

#### SLATE RIVER RESOURCES, LLC

**Mustang 1320-12A**

**Proposed Pipeline from Well 1321-6C to Tie In  
SECTIONS 5, 6, 7, 8 & 9, T13S, R21E, S.L.B.&M.**

**851' FNL & 842' FEL**

**Timberline Land Surveying, Inc.**

38 West 100 North Vernal, Utah 84078  
(435) 789-1365

**SHEET**

**9a**

**OF 10**

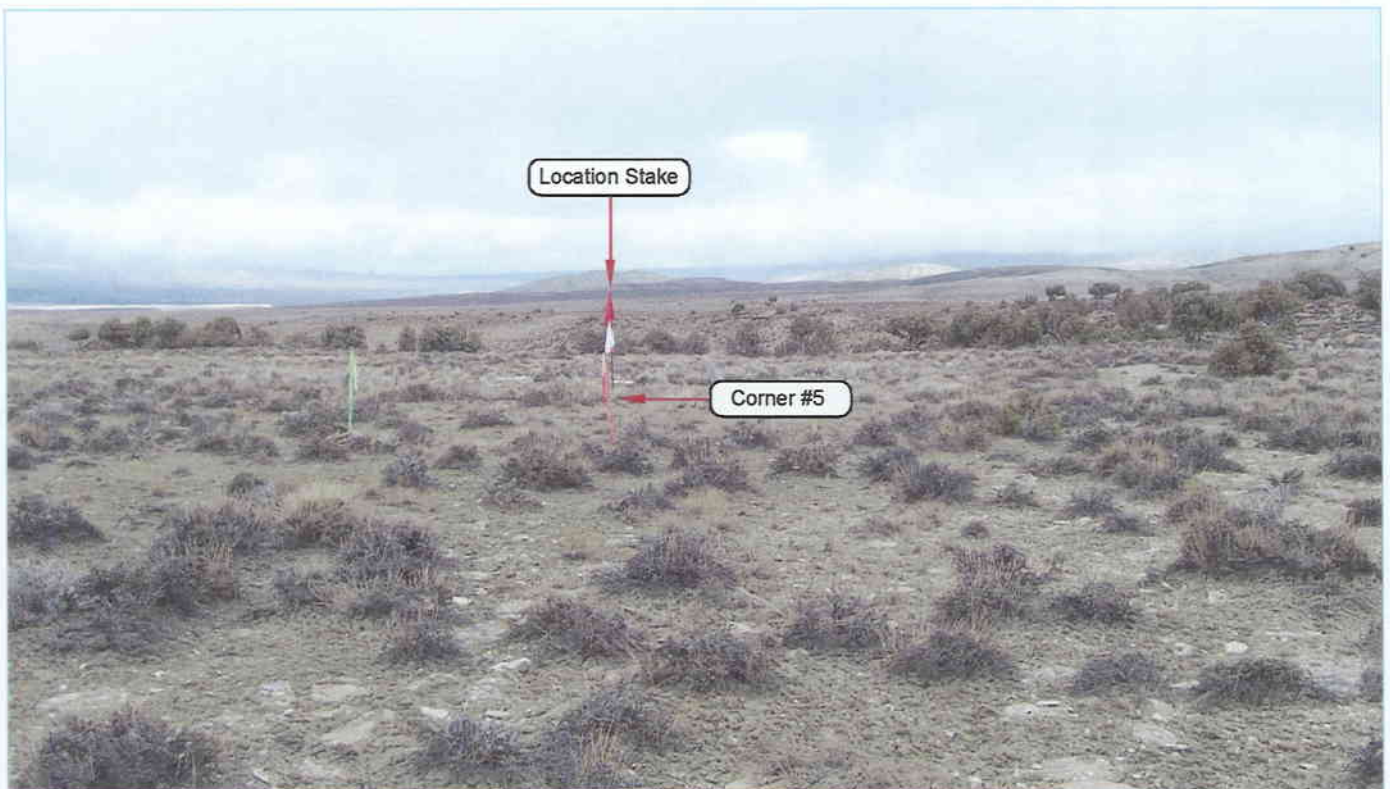


PHOTO VIEW: FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHERLY



PHOTO VIEW: FROM BEGINNING OF PROPOSED ROAD

CAMERA ANGLE: SOUTHWESTERLY

## SLATE RIVER RESOURCES, LLC

**Mustang 1320-12A**  
**SECTION 12, T13S, R20E, S.L.B.&M.**  
**851' FNL & 842' FEL**

### LOCATION PHOTOS

TAKEN BY: K.K.

DRAWN BY: J.R.S.

DATE TAKEN: 2-22-05

DATE DRAWN: 2-26-05

REVISED:

**Timberline Land Surveying, Inc.**  
 38 West 100 North Vernal, Utah 84078  
 (435) 789-1365

**SHEET**  
**10**  
**OF 10**

**SLATE RIVER RESOURCES, LLC**  
**Mustang 1320-12A**  
**Section 12, T13S, R20E, S.L.B.&M.**

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION ALONG STATE HIGHWAY 88 APPROXIMATELY 17 MILES TO OURAY, UTAH; FROM OURAY, PROCEED IN A SOUTHERLY DIRECTION ALONG THE SEEP RIDGE ROAD (COUNTY B ROAD 2810) APPROXIMATELY 29.4 MILES TO ITS INTERSECTION WITH THE BUCK CANYON ROAD (COUNTY B ROAD 5460); EXIT RIGHT AND PROCEED IN A SOUTHWESTERLY DIRECTION ALONG THE BUCK CANYON ROAD APPROXIMATELY 3.2 MILES TO WILLOW CREEK; TURN RIGHT AND PROCEED IN A NORTHWESTERLY DIRECTION ALONG THE WILLOW CREEK ROAD (COUNTY B ROAD 5120) APPROXIMATELY 2.1 MILES TO ITS INTERSECTION WITH THE AGENCY DRAW ROAD (COUNTY B ROAD 5340); EXIT LEFT AND PROCEED IN A WESTERLY THEN SOUTHERLY DIRECTION ALONG THE AGENCY DRAW ROAD APPROXIMATELY 2.7 MILES TO THE PROPOSED ACCESS ROAD; FOLLOW ROAD FLAGS IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 1.1 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 69.5 MILES.

006

WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 03/09/2005

API NO. ASSIGNED: 43-047-36369

WELL NAME: MUSTANG 1320-12A

OPERATOR: SLATE RIVER RESOURCES ( N2725 )

CONTACT: GINGER STRINGHAM

PHONE NUMBER: 435-790-4163

## PROPOSED LOCATION:

NENE 12 130S 200E

SURFACE: 0851 FNL 0842 FEL

BOTTOM: 0851 FNL 0842 FEL

UINTAH

WILDCAT ( 1 )

LEASE TYPE: 4 - Fee

LEASE NUMBER: FEE

SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: MNCS

COALBED METHANE WELL? NO

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	Dkd	4/15/05
Geology		
Surface		

LATITUDE: 39.70592

LONGITUDE: -109.6207

## RECEIVED AND/OR REVIEWED:

- ☒ Plat
- ☒ Bond: Fed[] Ind[] Sta[] Fee[]  
(No. B001556 )
- ☒ Potash (Y/N)
- ☒ Oil Shale 190-5 (B) or 190-3 or 190-13
- ☒ Water Permit  
(No. 49-2179 )
- ☒ RDCC Review (Y/N)  
(Date: )
- ☒ Fee Surf Agreement (Y/N)

## LOCATION AND SITING:

R649-2-3.

Unit

R649-3-2. General

Siting: 460 From Qtr/Qtr &amp; 920' Between Wells

R649-3-3. Exception

☒ Drilling Unit

Board Cause No: 207-1

Eff Date: 8-25-1983

Siting: 600' fr. ext. bdr. of NW 1/4 or SE 1/4

R649-3-11. Directional Drill

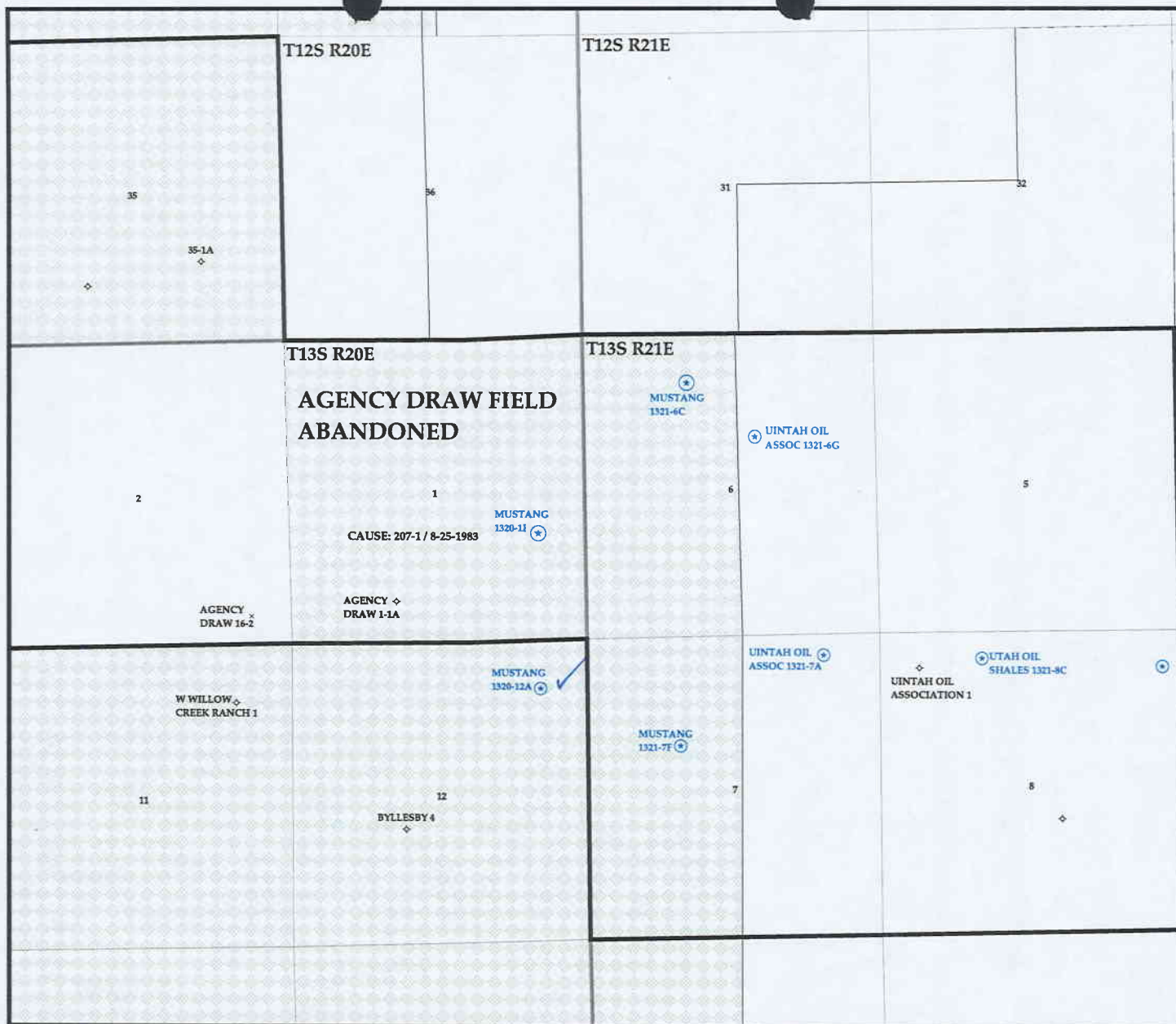
## COMMENTS:

Needs Permit (03-31-05)

## STIPULATIONS:

1 - STATEMENT OF BASIS

2 - Cement Stip #3 - 4 1/2" production string cemented back to 2000' MD.



OPERATOR- SLATE RIVER RES (N2725)

SEC. 12 T.13S R.20E

FIELD: WILDCAT (001)

COUNTY: UINTAH

CAUSE: 207-1 / 8-25-1983

#### Wells

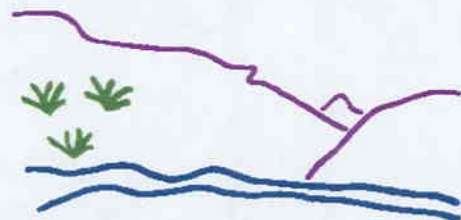
- ✱ GAS INJECTION
- ✱ GAS STORAGE
- ✕ LOCATION ABANDONED
- ⊕ NEW LOCATION
- ⬢ PLUGGED & ABANDONED
- ✱ PRODUCING GAS
- PRODUCING OIL
- ✱ SHUT-IN GAS
- ✱ SHUT-IN OIL
- ✕ TEMP. ABANDONED
- TEST WELL
- ▲ WATER INJECTION
- ◆ WATER SUPPLY
- ♣ WATER DISPOSAL

#### Units.shp

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

#### Fields.shp

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY  
DATE: 11-MARCH-2005

002

# FAX TRANSMISSION

## SLATE RIVER RESOURCES, LLC

1600 Broadway, Suite 900  
Denver, Colorado 80202  
office: 303-592-4444  
direct: 303-592-4448  
fax: 303-592-4440

**To:** Diana Whitney, DOGM **Date:** March 15, 2005  
**Fax #:** 801-359-3940 **Pages:** 8, including this cover sheet.

**From:** Bruce E. Johnston  
**Subject:** Mustang Oil and Gas Lease and Surface Damage Agreement

Attached is the Oil and Gas lease covering the 19,199.80 acres owned by Mustang Fuel Corporation (Eagle Minerals Ltd.). Please note the surface use language is Item 13 of the Oil and Gas Lease.

I will fax you a copy of the Surface Use Letter Agreement with Utah Oil Shale and Uintah Oil Association tomorrow. Ed Bown was not able to finish it today. Thanks for your help.

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From the desk of...  
Bruce E. Johnston  
Vice President Land  
Slate River Resources, LLC  
1600 Broadway, Suite 900  
Denver, CO 80202  
bjohnston@slriver.com  
303-592-4448  
Fax: 303-592-4440

Entry 2005001032  
 Book 914 Page 535  
 09-FEB-05 02:27

RANDY SIMMONS

RECORDER, UTAH COUNTY, UTAH

MUSTANG FUEL CORPORATION

# **OIL AND GAS LEASE**

(PAID UP) Res By: DEBRA ROOKS, DEPUTY

Entry 2005001032

Book 914 Page 535

AGREEMENT, Made and entered into this 1st day of February, 2005, by and between Eagle Minerals Ltd., 13439 Broadway Extension, Oklahoma City, OK 73114-2202, hereinafter called Lessor (whether one or more), and Mustang Fuel Corporation, 13439 Broadway Extension, Oklahoma City, OK 73114-2202 hereinafter called Lessee, Witnesseth:

1. That the said Lessor, for and in consideration of TEN AND MORE DOLLARS, cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, hereby grants, demises, leases and lets unto Lessee for the sole and only purpose of exploring, drilling and operating for and producing oil and gas and of laying pipelines, storing oil and building tanks, roads, and structures thereon to produce, save, care for, treat and transport said substances produced from the land leased hereunder (sometimes referred to in this Lease as the "leased premises") situated in the County of Uintah, State of Utah, to-wit:

## **SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF**

and containing 19,199.8 acres, more or less.

2. **Term** Subject to the provisions hereinafter contained, this Lease shall remain in force for a term of five (5) years from this date (herein called primary term) and as long thereafter as oil or gas, or either of them, is produced in paying quantities from the leased premises, or operations are being conducted as hereinafter provided. Upon the termination or any partial termination of this Lease, Lessee shall prepare, execute and deliver to Lessor a recordable release of such acreage in accordance with Section 12 of this Lease.

At the expiration of the primary term, this Lease shall automatically terminate as to the leased premises except for those portions included in a proration unit (as further defined in Section 11 below) attributable to a well capable of producing oil and/or gas in paying quantities unless operations are then being conducted in accordance with the Continuous Development provisions of Section 9 below or the Additional Drilling or Reworking provisions of Section 10 below, in which case the terms of said Sections 9 and 10 shall control. At the time of any such termination hereunder, each such producing proration unit shall be considered as a separate Lease for all purposes in this Lease.

If at the expiration of the primary term, this Lease is perpetuated by production of oil and/or gas in paying quantities, then, with respect to each proration unit on the leased premises, this Lease shall automatically terminate as to all rights granted by this Lease below the base of the deepest formation from which oil and/or gas is then being produced, provided, however, if at the expiration of the primary term, Lessee is engaged in drilling an additional well or wells pursuant to the provisions of Section 9 of this Lease, then this Lease shall not terminate with respect to the depths described in this section so long as development continues in accordance with the terms of said Section 9. Furthermore, if at the expiration of the primary term, Lessee is engaged in deepening an existing well, then for purposes of this Section only, the deepening of an existing well shall be considered a Continuous Development operation under Section 9 of this Lease, and so long as Lessee continues developing the leased premises in accordance with the terms provided therein, the rights to the depths described in this Section shall not terminate.

If at any time after the expiration of the primary term or the expiration of any extended term provided in Section 9 below, whichever is later, should the deepest producing formation attributable to any proration unit on this Lease cease to produce in paying quantities, then Lessee shall have one hundred twenty (120) days to begin either deepening that well or commencing the drilling of another well or wells on that proration unit in accordance with the provisions of Section 10 of this Lease, or this Lease, insofar as it covers such proration unit, shall automatically terminate with regard to all depths below the base of the deepest formation from which oil and/or gas is then being produced. In the event the applicable proration unit size (provided in Section 11 below) for such producing formation then being produced is smaller than that applicable for the prior producing formation, then unless perpetuated by other terms of this Lease, such acreage outside the permitted proration unit shall be released in accordance with Section 12 below.

To the extent that any part of this Lease remains in effect, Lessee shall retain such easements across the terminated portions of the Lease as shall be reasonably necessary for pipelines, roads, drilling and production facilities and ingress and egress to enable Lessee to develop and operate the remaining portion of this Lease.

3. **Limitation to Oil and Gas** This Lease is intended to cover only free flowing oil and gas producible by conventional oil and gas industry accepted means (i.e., the drilling and producing of vertical and/or horizontal wellbores) and shall not be deemed to include oil and gas which may be produced through the mining and processing of oil shale or other solid hydrocarbons or solid carbonaceous materials or processing in place of oil shale or other solid hydrocarbons or solid carbonaceous beds or deposits. Lessor expressly reserves and retains herefrom all glauconite, iron, oil shale, tar sands and all other minerals (except oil and gas) which may underlie all or part of the leased premises. The term "oil shale" is defined as a mineable, kerogen-bearing, finely laminated brown or black sedimentary rock that will yield liquid or gaseous hydrocarbons on distillation. This Lease does cover coal bed methane gas.

4. **Pooling** Lessee does not have the right and power to pool or combine the acreage covered by this Lease or any portion thereof as to all and as to either of them, with any other land or leases, except as such pooling may be provided in a separate

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RANDY SIMMONS

RECORDER, UINTAH COUNTY, UTAH

MUSTANG FUEL CORPORATION

**OIL AND GAS LEASE**

(PAID UP)

13439 BROADWAY EXTENSION OKLAHOMA CITY, O

Rec By: DEBRA ROOKS

DEPUTY

Entry 200501032

Book 914 Page 535

AGREEMENT, Made and entered into this 1st day of February, 2005, by and between Eagle Minerals Ltd., 13439 Broadway Extension, Oklahoma City, OK 73114-2202, hereinafter called Lessor (whether one or more), and Mustang Fuel Corporation, 13439 Broadway Extension, Oklahoma City, OK 73114-2202 hereinafter called Lessee, Witnesseth:

1. That the said Lessor, for and in consideration of TEN AND MORE DOLLARS, cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, hereby grants, demises, leases and lets unto Lessee for the sole and only purpose of exploring, drilling and operating for and producing oil and gas and of laying pipelines, storing oil and building tanks, roads, and structures thereon to produce, save, care for, treat and transport said substances produced from the land leased hereunder (sometimes referred to in this Lease as the "leased premises") situated in the County of Uintah, State of Utah, to-wit:

**SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF**

and containing 19,199.8 acres, more or less.

2. Term Subject to the provisions hereinafter contained, this Lease shall remain in force for a term of five (5) years from this date (herein called primary term) and as long thereafter as oil or gas, or either of them, is produced in paying quantities from the leased premises, or operations are being conducted as hereinafter provided. Upon the termination or any partial termination of this Lease, Lessee shall prepare, execute and deliver to Lessor a recordable release of such acreage in accordance with Section 12 of this Lease.

At the expiration of the primary term, this Lease shall automatically terminate as to the leased premises except for those portions included in a proration unit (as further defined in Section 11 below) attributable to a well capable of producing oil and/or gas in paying quantities unless operations are then being conducted in accordance with the Continuous Development provisions of Section 9 below or the Additional Drilling or Reworking provisions of Section 10 below, in which case the terms of said Sections 9 and 10 shall control. At the time of any such termination hereunder, each such producing proration unit shall be considered as a separate Lease for all purposes in this Lease.

If at the expiration of the primary term, this Lease is perpetuated by production of oil and/or gas in paying quantities, then, with respect to each proration unit on the leased premises, this Lease shall automatically terminate as to all rights granted by this Lease below the base of the deepest formation from which oil and/or gas is then being produced, provided, however, if at the expiration of the primary term, Lessee is engaged in drilling an additional well or wells pursuant to the provisions of Section 9 of this Lease, then this Lease shall not terminate with respect to the depths described in this section so long as development continues in accordance with the terms of said Section 9. Furthermore, if at the expiration of the primary term, Lessee is engaged in deepening an existing well, then for purposes of this Section only, the deepening of an existing well shall be considered a Continuous Development operation under Section 9 of this Lease, and so long as Lessee continues developing the leased premises in accordance with the terms provided therein, the rights to the depths described in this Section shall not terminate.

If at any time after the expiration of the primary term or the expiration of any extended term provided in Section 9 below, whichever is later, should the deepest producing formation attributable to any proration unit on this Lease cease to produce in paying quantities, then Lessee shall have one hundred twenty (120) days to begin either deepening that well or commencing the drilling of another well or wells on that proration unit in accordance with the provisions of Section 10 of this Lease, or this Lease, insofar as it covers such proration unit, shall automatically terminate with regard to all depths below the base of the deepest formation from which oil and/or gas is then being produced. In the event the applicable proration unit size (provided in Section 11 below) for such producing formation then being produced is smaller than that applicable for the prior producing formation, then unless perpetuated by other terms of this Lease, such acreage outside the permitted proration unit shall be released in accordance with Section 12 below.

To the extent that any part of this Lease remains in effect, Lessee shall retain such easements across the terminated portions of the Lease as shall be reasonably necessary for pipelines, roads, drilling and production facilities and ingress and egress to enable Lessee to develop and operate the remaining portion of this Lease.

3. Limitation to Oil and Gas This Lease is intended to cover only free flowing oil and gas producible by conventional oil and gas industry accepted means (i.e., the drilling and producing of vertical and/or horizontal wellbores) and shall not be deemed to include oil and gas which may be produced through the mining and processing of oil shale or other solid hydrocarbons or solid carbonaceous materials or processing in place of oil shale or other solid hydrocarbons or solid carbonaceous beds or deposits. Lessor expressly reserves and retains herefrom all gilsonite, trona, oil shale, tar sands and all other minerals (except oil and gas) which may underlie all or part of the leased premises. The term "oil shale" is defined as a mineable, kerogen-bearing, finely laminated brown or black sedimentary rock that will yield liquid or gaseous hydrocarbons on distillation. This Lease does cover coal bed methane gas.

4. Pooling Lessee does not have the right and power to pool or combine the acreage covered by this Lease or any portion thereof as to oil and gas, or either of them, with any other land or leases, except as such pooling may be required to conform to spacing prescribed by applicable governing agencies of the State of Utah.

5. Royalty Percentage Lessee covenants and agrees to pay Lessor the following royalties subject to the provisions of Section 6 hereof:

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(a) 22% of 8/8ths (reduced to 20% of 8/8ths as of April 28, 2012) of the gross proceeds of all oil and other liquid hydrocarbons recovered or separated on the leased premises produced and saved from the leased premises and sold by Lessee in an arms' length transaction, and, as to such oil and other liquid hydrocarbons not sold by Lessee in an arms' length transaction, royalties of that share or percentage calculated by using the highest price plus premium, if any, paid or offered for oil and other liquid hydrocarbons of comparable quality in the general area where produced and when run; or after sixty (60) days written notice from Lessor, which notice may be given from time to time. Lessee shall deliver free of cost to Lessor at the well, or to the credit of Lessor into the pipeline to which the well is connected, such share or percentage of all oil and other liquid hydrocarbons produced and saved from the leased premises; and

(b) 22% of 8/8ths (reduced to 20% of 8/8ths as of April 28, 2012) of the gross proceeds received by Lessee for all gas recovered or separated on the leased premises, produced from the leased premises and sold by Lessee in an arms' length transaction; and as to such gas not sold by Lessee in an arms' length transaction, royalties of that share or percentage calculated by using the highest price paid or offered for gas of comparable quality in the general area where produced and when run.

#### **6. Royalty Payment**

(a) Lessee shall pay Lessor monthly royalty on all oil and other liquid hydrocarbons including condensate, and on all gas, including all substances contained in such gas, (all hereinafter collectively called "Products" and each individually called a "Product") produced from a well on the leased premises, whether or not such Products are produced to the credit of Lessee or sold under a contract executed by or binding on Lessee. Lessee shall pay Lessor's royalty within ninety (90) days of the sale by Lessee to the purchaser of such oil and gas produced from the leased premises or after curing of all significant title defects, whichever is later. Liquidated damages for failure to timely make such payment shall be one and one-half percent (1-1/2%) per month on the royalty due Lessor. If Lessee fails to comply with the provisions of this section, then Lessor shall, at its option, have the right to terminate this Lease, however, Lessor shall give written notice by certified mail of such intention to Lessee and Lessee shall have sixty (60) days from notice receipt in which to comply with the requirements contained in this section. Failure of Lessee to comply herewith or provide Lessor with a reasonable explanation for said noncompliance shall cause immediate forfeiture of this Lease. If Lessee provides Lessor with a reasonable explanation for said noncompliance, Lessor and Lessee will negotiate the actual amount owed and the penalty will be the liquidated damages provided for above.

(b) In no event shall Lessor's royalty for a Product be based on a price less than the price paid Lessee in an arms' length transaction for Lessee's share of that Product produced hereunder. For purposes of this Lease, an arms' length transaction is a sale of a Product by Lessee to a buyer not affiliated with Lessee or with any subsidiary or other affiliate of Lessee under an agreement negotiated in good faith by all parties.

(c) Lessor's royalty shall bear its share of applicable taxes. Lessor shall never bear, either directly or indirectly, any part of the production or post-production cost or expense, including without limitation, cost or expense for storing, separating, dehydrating, transporting, compressing, treating, gathering, or otherwise rendering marketable or marketing the Products; however, reasonable costs incurred in enhancing the value of already marketable Products, including costs of transporting Products that have been made marketable or that are otherwise then marketable, can be deducted by Lessee in calculating royalty payments hereunder.

(d) Upon demand in writing by Lessor, Lessee shall furnish to Lessor or Lessor's representative copies of production records and receipts from sales pertaining to the oil and gas produced from the leased premises. The sales contract pertaining to said production shall be furnished for inspection, copying and examination by Lessor or Lessor's representative upon request, subject to a confidentiality agreement. Lessor shall have a first lien on the oil and/or gas produced under this Lease to secure the payment of all unpaid royalties and/or shut-in payments that may become due under this Lease.

**7. Right to Take Production in Kind** Lessor shall always have the right, at any time and from time to time, upon reasonable written notice to Lessee, to take Lessor's share of oil, gas and processed liquids in kind. Lessor may elect to take Lessor's gas in kind at the well, or at the point of delivery where Lessee delivers Lessee's gas to any third party. If gas is processed, Lessor may elect to take Lessor's share of the residue gas attributable to production from the leased premises at the same point of delivery where Lessee received its share of residue gas or has its share of residue gas delivered to a third party. Lessor may elect to have its royalty share of processed liquids stored in tanks at the plant or delivered into pipelines on the same basis as Lessee's share of liquids is stored or delivered. Lessor shall reimburse Lessee for all reasonable costs incurred by Lessee in installing, operating or maintaining additional facilities necessary for Lessor's royalty gas and processed liquids to be separately metered, accounted for, and delivered to a third party, but Lessor shall not be charged for any expense in the production, gathering, dehydration, separation, compression, transportation, treatment, processing or storage of Lessor's share of gas and processed liquids along with Lessee's share of gas and processed liquids.

**8. Shut-in Payments** While there is a well on the leased premises capable of producing gas in paying quantities but the production thereof is shut-in for a period anticipated to exceed (90) days due to lack of a market, available pipeline, or because of government restrictions or, if it is economically inadvisable for Lessee to sell gas for a time then, Lessee may pay as shut-in royalty on or before ninety (90) days after the date on which (1) production from any such well is shut-in; or (2) this Lease is no longer maintained by compliance with one of the other preservation provisions hereof, whichever is the later date, and thereafter at annual intervals the sum of Five Hundred Dollars (\$500.00) per well, for each and every shut-in well. If such payment is made in accordance with the terms hereof, this Lease shall not terminate, but shall continue in force for a period of one (1) year from the date of making such shut-in payment (subject to the exceptions set out hereafter) and it shall be considered that gas is being produced from the leased premises in paying quantities within the meaning of each pertinent provision of this Lease. Any shut-in royalty payment shall not be a credit against production nor credited with prior production royalty. In the event that production is begun or resumed during the year following the payment of a shut-in royalty payment and is subsequently shut-in during such year, the second annual shut-in payment shall be due and payable on the anniversary date of the first payment. If there is production on such first anniversary date and the well is subsequently shut-in, then the second shut-in payment shall be made on or before ninety (90) days after such new shut-in date or the Lease shall terminate. Notwithstanding anything to the contrary set out above, should the shut-in period extend beyond the

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expiration of the primary term such shut-in provision shall maintain the rights granted by this Lease only to the producing proration units and horizons of such gas well(s) as if they were producing gas in paying quantities pursuant to Section 2 above. Should such shut-in royalty payments not be made in a timely manner as provided for above, then, in that event it shall be considered for all purposes that there is no production of gas from any such well or wells and, unless this Lease is being maintained by any other preservation provision hereof, this Lease shall terminate automatically at midnight on the last day provided for the payment of such shut-in royalties, and Lessee shall thereupon furnish to Lessor a release of all of its interest in and to this Lease as provided in Section 12.

**9. Continuous Development** At the end of the primary term or upon the completion of any well then drilling on the leased premises as a well capable of producing in paying quantities or as a dry hole (completion being defined as the release of the completion rig, or if the well is a dry hole, the release of the drilling rig), Lessee shall have the recurring right for one hundred eighty (180) days thereafter, to commence the drilling of another well or wells on the leased premises (commencement being defined as the actual spudding of the succeeding well with a drilling rig capable of drilling to the permitted depth for the well and conducting continuous drilling operations to said permitted depth for the well), with no more than one hundred eighty (180) days elapsing between the completion of one well as a producer or a dry hole and the commencement of the next succeeding well. Failure to commence such additional well or wells within the time herein provided shall terminate this Lease ipso facto as to all lands except those included within the surface boundaries of any proration unit otherwise being maintained under the provisions of this Lease. In the event Lessee accelerates the drilling of additional wells, Lessee shall earn cumulative credit for such accelerated drilling. The cumulative credit for accelerated drilling shall be calculated by adding for all such accelerated wells the number of days from the date of actual well commencement to the date of required commencement pursuant to the terms of this Section 9. Such cumulative credit shall be limited to a total of three hundred sixty (360) days. No additional credit shall be given. The credited days may be used at any time during the continuous development period when Lessee is unable to timely commence a well within the one hundred eighty (180) day time period stipulated in this Section 9.

**10. Additional Drilling or Reworking** If, at the expiration of the primary term, or the expiration of any extended term provided in Section 9 above, whichever is later, oil and/or gas are being produced in paying quantities, but production thereafter ceases from any cause, this Lease shall not terminate as to the proration unit attributable to the well or wells affected thereby if Lessee commences reworking or additional actual drilling on such well(s) or within such proration unit(s) within one hundred twenty (120) days thereafter and such reworking or additional drilling is diligently prosecuted and production in paying quantities thereafter resumes.

If, at the expiration of the primary term, or the expiration of any extended term provided in Section 9 above, whichever is later, oil and/or gas are not then being produced from any well or wells on the leased premises, but Lessee is then engaged in operations (as defined hereinafter) on any such well or wells, this Lease shall remain in force for so long as such operations are diligently prosecuted with no cessation of more than one hundred twenty (120) consecutive days between such cessation and the resumption of such operations. If such operations result in the production of oil or gas in paying quantities, this Lease shall not terminate as to the proration unit attributable to the well or wells then producing oil or gas in such quantities; but this Lease shall terminate as to all other acreage unless Lessee shall have commenced drilling a new well or wells in accordance with the Continuous Development provisions of Section 9 of this Lease.

Wherever used in this Lease the word "operations" shall mean standard and prudent operations for and any of the following: actual drilling, testing, completing, sidetracking, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil or gas in paying quantities.

**11. Proration Unit** Except where agreed to otherwise between Lessor and Lessee, the term "proration unit" where used in this Lease, shall mean:

- (a) As to each well each well classified as an oil well by the appropriate governmental authority, the governmental forty (40) acres within which the well locates
- (b) As to each well classified as a gas well by the appropriate governmental authority, the acreage set out below:
  - (i). For a well producing from formations located above the base of the Wasatch formation, an eighty (80) acre governmental half-quarter section within which the well locates, as designated by Lessee
  - (ii). For a well producing from formations located between the base of the Wasatch formation and the base of the Mancos formation, a one hundred sixty (160) acre governmental quarter section within which the well locates, as designated by Lessee
  - (iii). For a well producing from formations located below the base of the Mancos formation, a three hundred twenty (320) acre governmental half section within which the well locates, as designated by Lessee

**12. Releases Required** Within ninety (90) days after the partial termination of this Lease as provided under any of the terms and provisions herein, Lessee shall deliver to Lessor a plat showing the proration units designated by Lessee, and a fully executed, recordable release properly describing the lands and depths to be retained by Lessee around each producing well. If the Lease terminates in its entirety, then Lessee shall deliver a complete, fully executed, recordable release to Lessor within sixty (60) days. If such release complies with the requirements of this section, Lessor shall record such release.

**13. Surface Operations** With respect to operations conducted on the leased premises, the following shall control:

- (a) Lessee shall make a good faith effort to use existing roadways and a minimal amount of production facilities whenever practicable and to limit the amount of new road construction on the leased premises. Lessee agrees to maintain and keep all lease roads, gates and cattle guards in satisfactory condition. Prior to the commencement of any operations (other than staking of location) for the drilling of any well hereunder affecting surface owned by Lessor or any of its affiliate or subsidiary companies, Lessee shall provide for such surface owner's consent a plat reflecting its

proposed route of ingress and egress to the well location and stating the length of any new road(s) proposed to be constructed for such well. Said surface owner's consent to the proposed route and any associated road construction shall not be unreasonably withheld. Upon completion of any operation performed pursuant to this lease, Lessee shall restore the affected surface as nearly as practicable to its condition prior to such operation.

(b) Prior to the commencement of drilling operations, Lessee shall pay the surface owner for surface damages, the sum of:

- (i). \$2500 for each well permitted to a proposed depth down to the base of the Mancos formation, or
- (ii). \$5000 for each well permitted to a proposed depth deeper than the base of the Mancos formation.

(c) Damages to be paid to the surface owner for construction of new road or for laying of new pipeline shall be calculated on the basis of \$ 10.00 per linear rod.

(d) Salt water shall not be disposed of on the leased premises without the written consent of the appropriate surface owner. No hunting or fishing shall be allowed on the leased premises by Lessee or any of its contractors, subcontractors, etc. without the written consent of the surface owner. Lessee shall keep the leased premises free and clear of trash and debris.

(e) Lessee recognizes that the leased premises may be subject to leases covering other surface activities, including the grazing of livestock and/or the removal of stone for commercial purposes. In this regard Lessee agrees to conduct its operations in such a manner as to cause minimal disturbance to or interference with said activities.

**14. Notifications Required** Lessee shall advise Lessor in writing immediately upon the commencement of each well drilled hereunder and shall advise Lessor in writing of the date of completion and/or abandonment of each such well (such notice shall include furnishing Lessor a copy of the applicable completion or plugging report filed with any governmental or regulatory agency) within thirty (30) days after completion or abandonment. As to any well drilled hereunder, Lessor, or Lessor's representatives, or any one or more of the same, shall at all times and at Lessor's own risk but subject to applicable safety regulations, have full and complete access to the location, well and derrick floor. Upon request, Lessor shall be furnished with copies of daily drilling reports. Such reports and information shall be furnished within seven (7) days after the same are obtained or compiled by Lessee. In addition, Lessee shall, upon written request, furnish Lessor within thirty (30) days from the date of the request or thirty (30) days from the date that the data is received by Lessee, whichever is later:

- (a) Plate or maps showing the location of the well on this Lease.
- (b) The details of any tests taken in said well, and the results of any core analysis or analyses which shall be run on any cores taken while drilling said well.
- (c) Upon commencement of any drilling or reworking operations on this Lease with copies of all reports filed with the appropriate governmental authority or other governmental agency having jurisdiction in connection with such operation.
- (d) Upon completion of any drilling or reworking operations on this Lease with copies of all logs run in such well and copies of core or other type of formation analysis, subject to a confidentiality obligation on Lessor's part if filed as confidential with the appropriate governmental authority.
- (e) A summary report, to be made annually on the anniversary date of this Lease and commencing upon the expiration of the primary term of this Lease, to include (1) as of said date, the number of producing wells and the number of wells not producing but not plugged; (2) the number of wells that were plugged during the previous twelve (12) months; (3) a map denoting the location of each of these wells on the leased premises; and (4) a tabulation by well reflecting cumulative credit days (if any) earned and/or used due to accelerated drilling pursuant to Section 9 of this Lease.
- (f) It is understood and agreed that all information provided Lessor herein is proprietary and is to be held in confidence.

**15. Water** To the extent Lessor or any of its affiliate or subsidiary companies own any water rights as surface owner, Lessee shall have the free use of water from the leased premises, for all operations solely thereon. In the event Lessee drills a water well on the leased premises, such well shall be drilled in accordance with such surface owner's specifications and all governmental regulations pertaining thereto. Said surface owner shall have the option to retain any such water well, and Lessee shall leave the well and casing therein for the use of surface owner after Lessee's need for same has ceased; provided however, that Lessee may remove any pump and motor installed by Lessee. Said surface owner shall assume all rights, responsibilities and liabilities, if any, for operation, maintenance and abandonment of any water well it so retains. As to any water well which surface owner does not retain, Lessee shall plug said well in accordance with all governmental regulations pertaining thereto.

**16. Ancillary Rights** Lessee shall have the right for a period of one hundred eighty (180) days following the expiration of this Lease or the release of any lands covered by this Lease, to remove all property and fixtures placed by Lessee on said land including the right to draw and remove all casing. If not removed, Lessor, to the extent Lessor or any of its affiliate or subsidiary companies own surface rights, shall have the option to either claim the property, in whole or in part, as its own or to have said properties and fixtures removed, in whole or in part, at Lessee's expense. If Lessor elects for such removal, additional expenses for surface damages and restoring the land shall be charged to Lessee; provided, however, Lessee shall not be relieved of its liability to plug any well so abandoned.

**17. Indemnification** Lessee, its successors and assigns, agrees to indemnify, defend and hold harmless Lessor (except to the extent that any such Lessor owns rights hereunder as a Lessee), from and against any and all claims, losses, liabilities, fines, costs, expenses (including attorneys fees and expenses) resulting from or arising out of Lessee's ownership of this Lease or in connection with operations of or for Lessee, its agents, contractors, or subcontractors hereunder, regardless of

the cause of such claims, losses, liabilities, fines, costs or expenses. This Section and the indemnities provided herein shall survive the termination of this Lease and shall bind and inure to the successors, heirs and assigns of Lessor and Lessee.

**18. Notices** All notices or communications required or permitted to be given under this Lease shall be in writing and delivered, mailed or transmitted to the parties at the addresses set out below. Notices shall be deemed given when received except that notices given by facsimile transmission on weekends, holidays or after 5:00 local time at the location of the recipient shall be deemed received on the next business day. If delivered by commercial delivery service or mailed by registered or certified mail, the delivery receipt shall evidence the date of receipt.

**TO LESSOR:**

Eagle Minerals Ltd.  
13439 Broadway Extension  
Oklahoma City, OK 73114-2202  
Attention: Sr. Vice President  
Fax No. (405) 748-9420

**TO LESSEE:**

Mustang Fuel Corporation  
13439 Broadway Extension  
Oklahoma City, OK 73114-2202  
Attention: Sr. Land Manager  
Fax No. (405) 748-9250

No modification of any notice address shall become effective until the other party receives by United States certified mail such notification of change from the modifying party.

**19. Division Orders** Any division order tendered to Lessor pursuant to this Lease shall be used solely for the purpose of confirming the extent of Lessor's interest in production of oil and gas from wells located on the leased premises, and any other provisions may be stricken or disregarded by Lessor.

**20. Compliance with Environmental Laws and Regulations** Lessee, its successors and assigns, by its acceptance of this Lease, hereby agrees to comply with all applicable laws, rules and regulations and hereby assumes full responsibility for and agrees to indemnify, defend and hold harmless, Lessor (except to the extent that Lessor owns rights hereunder as a Lessee) from and against any loss, liability, claim, fine, expense, cost (including attorneys fees and expenses) and cause of action resulting from or arising out of the violation (or defense of the alleged violation) of any federal, state or local laws, rules or regulations applicable to any waste material, drilling matter fluid or any hazardous substances released or caused to be released by Lessee or Lessee's agents, or independent contractors from the land leased hereunder into the atmosphere or into or upon the land or any water course or body of water, including ground water.

**21. Force Majeure** Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to force majeure. The term "force majeure" shall mean: any act of God including but not limited to storms, floods, washouts, landslides, and lightning; act of a public enemy; wars, blockades, insurrection or riots; strikes or lockouts; epidemics or quarantine, regulations, laws, acts, orders or requests of federal, state, municipal or other governments or governmental officers or agents under the color of authority requiring, ordering or directing Lessee to cease drilling, reworking or producing operations; freight embargoes or failures; exhaustion or unavailability or delays in delivery of any product, labor, service or material. The term "force majeure" shall not include lack of markets for production or any other events affecting only the economic or financial aspects of drilling, development or production. During the period of force majeure and for a period of sixty (60) days after termination of an event of force majeure, each and every provision of this Lease that might operate to terminate it or the estate conveyed by it shall be suspended and inoperative and this Lease shall continue in full force; provided, however, that in no event shall the primary term be extended unless Lessee has commenced as defined herein a well prior to the date of the expiration of the primary term.

**22. Proportionate Reduction** It is agreed that if Lessor's interest in the oil and gas minerals in and under any of the leased premises is less than the entire oil and gas mineral estate, then the royalties and all other benefits to accrue or to be paid to Lessor hereunder as to such lands shall be reduced to the proportion thereof which the oil and gas mineral estate of Lessor in such land bears to the entire oil and gas mineral estate.

**23. Assignability and Consent to Assign** In the event the rights of either party hereunder are assigned in whole or in part, the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto. Lessee or its, heirs, executors, administrators, successors or assigns may not assign this Lease in whole or in part unless such assignment is consented thereto by Lessor in writing, which consent shall not be unreasonably withheld. Any assignment made without Lessor's consent shall be void and of no force and effect. No change or division in ownership of the leased premises or royalty shall be binding on the Lessee until after Lessee has been furnished with a recorded written transfer or assignment or a certified copy thereof.

**24. Rules and Regulations** This Lease is expressly made subject to all state and federal laws and all rules and regulations of the Utah Division of Oil, Gas and Minerals or other governmental authority, state or federal, having jurisdiction over the leased premises, and nothing herein contained shall be construed as requiring Lessee to violate any such regulation or to penalize Lessee for complying therewith.

**25. No Warranties of Title** This Lease is made without warranties of any kind, either express or implied. Lessor agrees that Lessee, at its option, after having given Lessor sixty (60) days' written notice, may discharge any tax, mortgage or other lien upon Lessor's interest in said land, either in whole or in part, and in the event Lessee does so, it shall be subrogated to such lien with right to enforce same, subject to any defenses of Lessor, and apply royalties accruing hereunder toward satisfying same.

**26. Alteration/Modification** The terms of this Lease cannot be altered or amended except by a written instrument clearly demonstrating such purpose and effect, and executed by both parties to this Lease. The written instrument shall describe the specific terms or provisions being altered and the proposed modification or change thereto.

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MAR 15 2005.

try 2005001032  
 Lkr 914 Page 540

IN WITNESS WHEREOF, this instrument is executed made effective on the date first above written.

LESSOR: EAGLE MINERALS LTD.

By:   
 Rand Phipps  
 Sr. Vice President

Corporate Acknowledement

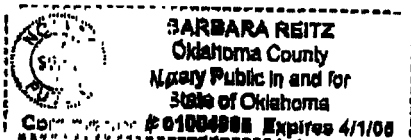
STATE OF OKLAHOMA     )  
                                   ) SS.  
 COUNTY OF OKLAHOMA    )

The foregoing instrument was acknowledged before me on this 1st day of February, 2005, by Rand Phipps, to me known to be the identical person who subscribed his name as Sr. Vice President of Eagle Minerals Ltd., and acknowledged to me that executed the same as free and voluntary act and deed of such corporation for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my official signature and affixed my notarial seal the day and year last above written.

My commission expires:

  
 Notary Public



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DIV. OF OIL, GAS & MINING

**EXHIBIT "A"**

Attached to and made a part of that certain Oil and Gas Lease dated February 1, 2005, by and between Eagle Minerals Ltd. as Lessor, and Mustang Fuel Corporation, as Lessee

**DESCRIPTION OF LEASED PREMISES:****TOWNSHIP 12 SOUTH RANGE 20 EAST, S.L.M.**

Section 21:	All (640.00 acres)	Serial Number: 10:079:0001
Section 22:	All (640.00 acres)	Serial Number: 10:080:0001
Section 23:	All (640.00 acres)	Serial Number: 10:081:0001
Section 24:	W/2 (320.00 acres)	Serial Number: 10:082:0001
Section 25:	W/2 (320.00 acres)	Serial Number: 10:083:0001
Section 26:	All (640.00 acres)	Serial Number: 10:084:0001
Section 27:	All (640.00 acres)	Serial Number: 10:085:0001
Section 28:	All (640.00 acres)	Serial Number: 10:086:0001
Section 29:	All (640.00 acres)	Serial Number: 10:087:0001
Section 35:	All (640.00 acres)	Serial Number: 10:089:0001

**TOWNSHIP 12 SOUTH RANGE 21 EAST, S.L.M.**

Section 31:	Lots 3, 4, E/2SW/4 (SW/4) (149.66 acres)	Serial Number: 10:093:0002
-------------	--	----------------------------

**TOWNSHIP 13 SOUTH RANGE 20 EAST, S.L.M.**

Section 1:	Lots 1,2,3,4, S/2N/2, S/2 (All) (640.24 acres)	Serial Number: 11:004:0001
Section 3:	Lots 1,2,3,4, S/2N/2, S/2 (All) (641.80 acres)	Serial Number: 11:005:0001
Section 4:	Lots 1,2,3,4, S/2N/2, S/2 (All) (642.00 acres)	Serial Number: 11:006:0001
Section 5:	Lots 1,2,3,4, S/2N/2, S/2 (All) (641.40 acres)	Serial Number: 11:007:0001
Section 6:	Lots 1,2,3,8,10,11,13, S/2 NE/4, SE/4NW/4, E/2SW/4, SE/4 (585.52 acres)	Serial Number: 11:008:0001
Section 7:	Lots 2,3,4,5, E/2W/2, E/2 (All) (636.15 acres)	Serial Number: 11:009:0001
Section 8:	All (640 acres)	Serial Number: 11:010:0001
Section 9:	All (640 acres)	Serial Number: 11:011:0001
Section 10:	All (640 acres)	Serial Number: 11:012:0001
Section 11:	All (640 acres)	Serial Number: 11:013:0001
Section 12:	All (640 acres)	Serial Number: 11:014:0001
Section 13:	All (640 acres)	Serial Number: 11:015:0001
Section 14:	All (640 acres)	Serial Number: 11:016:0001
Section 15:	E/2 (320 acres)	Serial Number: 11:017:0001
Section 22:	E/2 (320 acres)	Serial Number: 11:018:0001
Section 23:	All (640 acres)	Serial Number: 11:019:0001
Section 24:	All (640 acres)	Serial Number: 11:020:0001
Section 25:	All (640 acres)	Serial Number: 11:021:0001
Section 26:	All (640 acres)	Serial Number: 11:022:0001
Section 27:	NE/4 (160 acres)	Serial Number: 11:023:0001

**TOWNSHIP 13 SOUTH RANGE 21 EAST, S.L.M.**

Section 6:	Lots 3,4,5,6,7, SE/4NW/4, E/2SW/4 (W/2) (299.60 acres)	Serial Number: 11:026:0002
Section 7:	Lots 1,2,3,4, E/2W/2 (W/2) (300.28 acres)	Serial Number: 11:027:0002
Section 18:	Lots 1,2,3,4, E/2W/2 (W/2) (301.64 acres)	Serial Number: 11:033:0001
Section 19:	Lots 1,2,3,4, E/2W/2 (W/2) (303.44 acres)	Serial Number: 11:034:0001
Section 30:	Lots 1,2,3,4, E/2W/2 (W/2) (304.80 acres)	Serial Number: 11:038:0001
Section 31:	Lots 1,2, E/2NW/4 (NW/4) (153.27 acres)	Serial Number: 11:039:0001

UINTAH COUNTY, UTAH  
containing a total of 19,199.80 acres, more or less

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DIV. OF OIL, GAS &amp; MINING

**Surface Owners: Fee Lands**  
Slate River Resources, LLC

**Utah Oil Shales 1321-8C**  
c/o Edward M. Bown  
1972 E Claremont Way  
Salt Lake City, UT 84108  
801-281-0930

**Uintah Oil Association 1321-7A**  
c/o Edward M. Bown  
1972 E Claremont Way  
Salt Lake City, UT 84108  
801-281-0930

**Utah Oil Shales 1321-8A**  
c/o Edward M. Bown  
1972 E Claremont Way  
Salt Lake City, UT 84108  
801-281-0930

**Mustang 1321-7F**  
c/o David Salter  
13439 Broadway Extension  
Oklahoma City, OK 73114-2202  
405-748-9464

**Mustang 1320-12A**  
c/o David Salter  
13439 Broadway Extension  
Oklahoma City, OK 73114-2202  
405-748-9464

**Uintah Oil Shales 1321-6G**  
c/o Edward M. Bown  
1972 E Claremont Way  
Salt Lake City, UT 84108  
801-281-0930

**Utah Oil Shales 1321-9P**  
c/o Edward M. Bown  
1972 E Claremont Way  
Salt Lake City, UT 84108  
801-281-0930

**Utah Oil Shales 1321-9L**  
c/o Edward M. Bown  
1972 E Claremont Way  
Salt Lake City, UT 84108  
801-281-0930

**Mustang 1320-11**  
c/o David Salter  
13439 Broadway Extension  
Oklahoma City, OK 73114-2202  
405-748-9464

**Mustang 1321-6C**  
c/o David Salter  
13439 Broadway Extension  
Oklahoma City, OK 73114-2202  
405-748-9464

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MAR 15 2005  
DIV. OF OIL, GAS & MINING

**ON-SITE PREDRILL EVALUATION**  
**Division of Oil, Gas and Mining**

OPERATOR: SLATE RIVER RESOURCES, LLC.  
WELL NAME & NUMBER: MUSTANG 1320-12A  
API NUMBER: 43-047-36369  
LEASE: FEE FIELD/UNIT: WILDCAT  
LOCATION: 1/4, 1/4 NE/NE Sec: 12 TWP: 13S RNG: 20E 842' FEL 951' FNL  
LEGAL WELL SITING: 660 feet from drilling unit boundary.  
GPS COORD (UTM): 4395830N 12618244E SURFACE OWNER: MUSTANG FUEL.

**PARTICIPANTS**

DAVID W. HACKFORD (DOGM), GINGER STRINGHAM, JOHN CONLEY (SLATE RIVER),  
THREE DIRT CONTRACTORS.

**REGIONAL/LOCAL SETTING & TOPOGRAPHY**

SITE IS ON A FLAT TOPPED RIDGE THAT LIES BETWEEN WILLOW CREEK WHICH IS  
4.1 MILES TO THE EAST, AND AGENCY DRAW WHICH IS 0.4 MILES TO THE WEST.  
WILLOW CREEK, AT THIS POINT, IS A YEAR ROUND STREAM WHILE AGENCY DRAW  
HAS WATER ONLY DURING RUNNOFF. AGENCY DRAW ENTERS WILLOW CREEK FIVE  
MILES TO THE NORTH. VERNAL, UTAH IS 69.5 MILES TO THE NORTH. DRAINAGE  
IS TO THE NORTH.

**SURFACE USE PLAN**

CURRENT SURFACE USE: WILDLIFE AND LIVESTOCK GRAZING, HUNTING.

PROPOSED SURFACE DISTURBANCE: LOCATION WILL BE 340' BY 235'. ACCESS  
ROAD WILL BE 1.1 MILES.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: SEE ATTACHED MAP FROM  
GIS DATABASE.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: ALL PRODUCTION  
FACILITIES WILL BE ON LOCATION AND ADDED AFTER DRILLING WELL. PIPELINE  
WILL BE FOLLOW ACCESS ROAD.

SOURCE OF CONSTRUCTION MATERIAL: ALL CONSTRUCTION MATERIAL WILL BE  
BORROWED FROM SITE DURING CONSTRUCTION OF LOCATION.

ANCILLARY FACILITIES: NONE WILL BE REQUIRED.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OF CONCERNS?  
(EXPLAIN): UNLIKELY.

**WASTE MANAGEMENT PLAN:**

DRILLED CUTTINGS WILL BE SETTLED INTO RESERVE PIT. LIQUIDS FROM PIT WILL  
BE ALLOWED TO EVAPORATE. FORMATION WATER WILL BE CONFINED TO STORAGE  
TANKS. SEWAGE FACILITIES, STORAGE AND DISPOSAL WILL BE HANDLED BY

COMMERCIAL CONTRACTOR. TRASH WILL BE CONTAINED IN TRASH BASKETS AND HAULED TO AN APPROVED LAND FILL.

**ENVIRONMENTAL PARAMETERS**

AFFECTED FLOODPLAINS AND/OR WETLANDS: NONE

FLORA/FAUNA: RABBITBRUSH, JUNIPER, SAGE, GREASEWOOD, PRICKLY PEAR, CHEATGRASS, RUSSIAN THISTLE: ELK, DEER, RODENTS, RAPTORS, COYOTE, SONGBIRDS, RABBIT, BOBCAT, BEAR, COUGAR, PRONGHORN.

SOIL TYPE AND CHARACTERISTICS: LIGHT BROWN SANDY CLAY.

EROSION/SEDIMENTATION/STABILITY: VERY LITTLE NATURAL EROSION. SEDIMENTATION AND STABILITY ARE NOT A PROBLEM AND LOCATION CONSTRUCTION SHOULDN'T CAUSE AN INCREASE IN STABILITY OR EROSION PROBLEMS.

PALEONTOLOGICAL POTENTIAL: NONE OBSERVED.

**RESERVE PIT**

CHARACTERISTICS: 160' BY 60' AND EIGHT FEET DEEP.

LINER REQUIREMENTS (Site Ranking Form attached): A LINER WILL NOT BE REQUIRED FOR RESERVE PIT.

**SURFACE RESTORATION/RECLAMATION PLAN**

AS PER LANDOWNER AGREEMENT

SURFACE AGREEMENT: YES

CULTURAL RESOURCES/ARCHAEOLOGY: SITE IS ON FEE SURFACE.

**OTHER OBSERVATIONS/COMMENTS**

THIS PREDRILL INVESTIGATION WAS CONDUCTED ON A COOL , WINDY DAY.

**ATTACHMENTS**

PHOTOS OF THIS SITE WERE TAKEN AND PLACED ON FILE.

DAVID W. HACKFORD  
DOGM REPRESENTATIVE

3/31/05 12:45 PM  
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score  
For Reserve and Onsite Pit Liner Requirements**

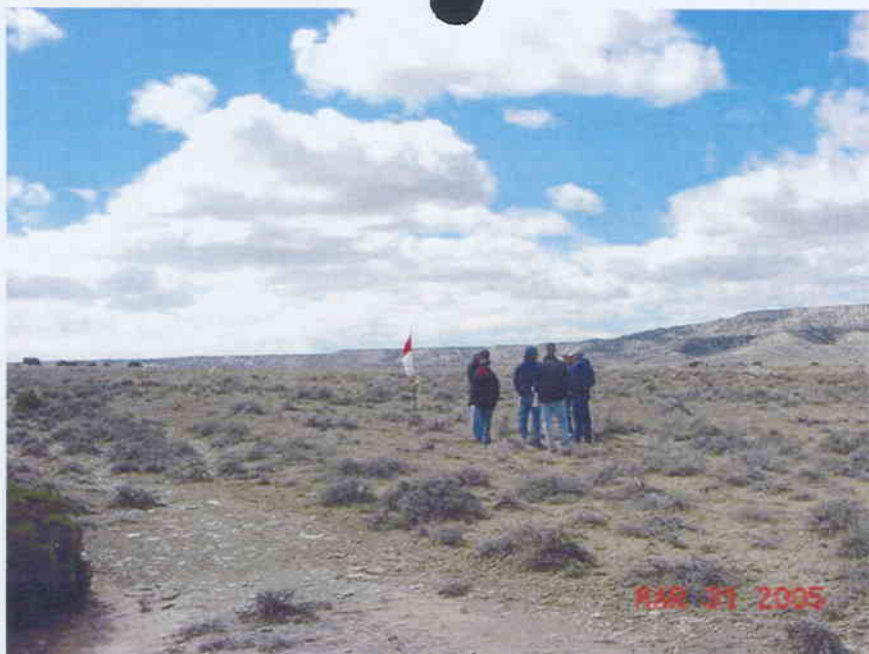
<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>5</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>0</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>5</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>0</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

**Final Score**      10      (Level III Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.





**DIVISION OF OIL, GAS AND MINING  
APPLICATION FOR PERMIT TO DRILL  
STATEMENT OF BASIS**

**OPERATOR:** SLATE RIVER RESOURCES, LLC  
**WELL NAME & NUMBER:** MUSTANG 1320-12A  
**API NUMBER:** 43-047-36369  
**LOCATION:** 1/4,1/4 NE/NE Sec: 12 TWP: 13S RNG:20E 842' FEL 851' FNL

**Geology/Ground Water:**

Slate River proposes to set 2,000' of surface casing at this location. The base of the moderately saline water is at approximately 3,500 feet in this area. This location lies on the Green River Formation. The proposed location is in a recharge area for the aquifers of the Green River Formation and fresh water can be expected to be found in the Green River. A search of Division of Water Rights records indicates 1 water well within a 10,000 foot radius of the proposed location. The well is approximately .75 miles from the proposed location. This well is owned by Utah Oil Shale Inc. it is drilled to a depth of 70 feet and listed as used for stock watering. The proposed casing and cement program should adequately protect any useable ground water.

**Reviewer:** Brad Hill **Date:** 04-11-2005

**Surface:**

The predrill investigation of the surface was performed on 3/31/05. This site is on fee surface with fee minerals, and appears to be the best site for a location in the immediate area. I notified Mr. David Satler (Representative of Mustang Fuel) of this investigation on 3/21/05 by telephone at (405) 748-9464. He told me he had no specific concerns regarding the drilling of this well or the construction of this location, and he would not be present at the predrill investigation. This area is heavily used for livestock grazing, so I asked that the reserve pit be fenced on three sides while drilling is taking place, and on the fourth side when the rig moves off. Mr. Conley (Vice President of Slate River Resources) said he would do this. Numerous shallow drainages crossing this site will be re-routed through a diversion ditch around the east and south sides of location.

**Reviewer:** David W. Hackford **Date:** 4/04/05

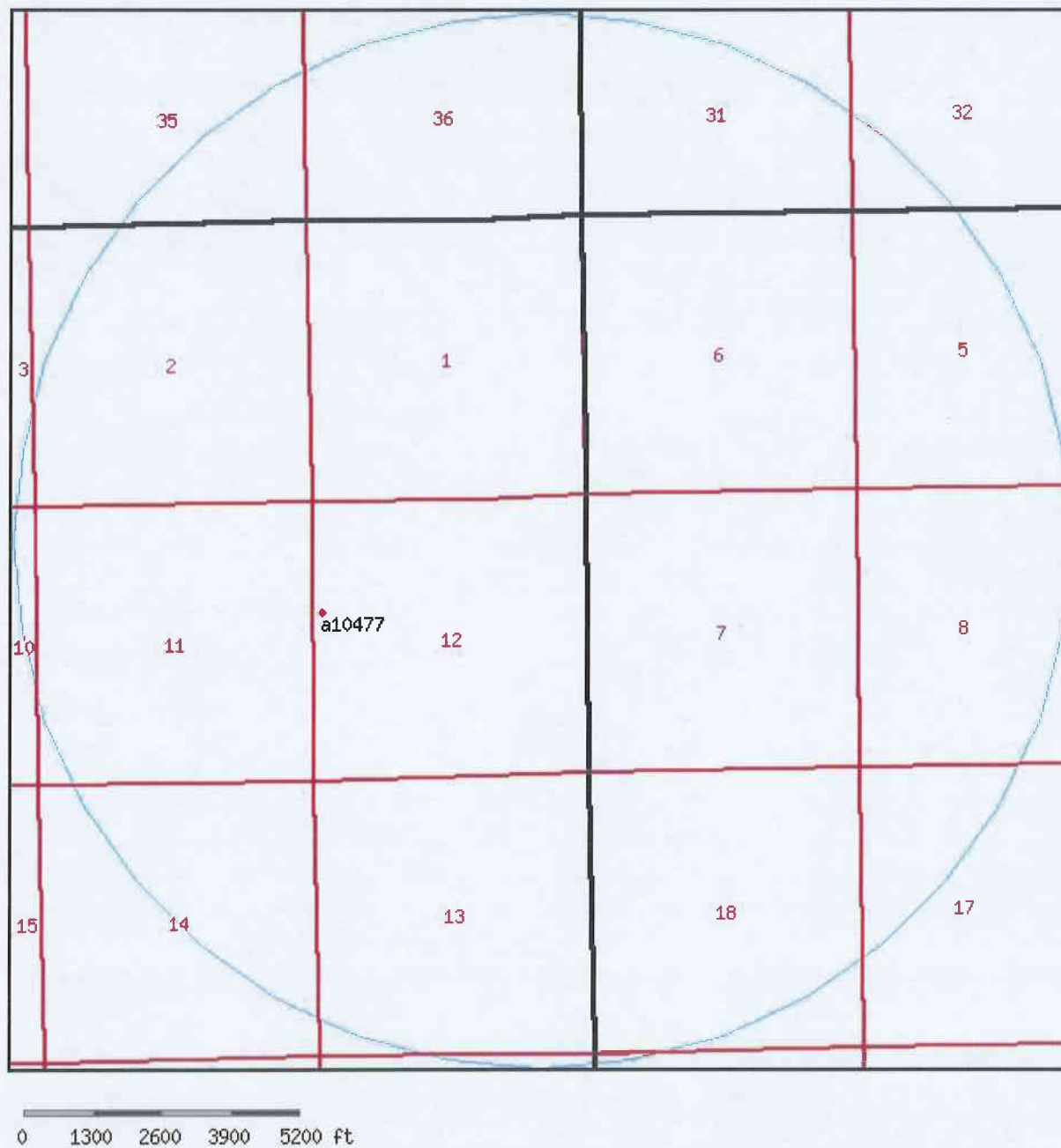
None.



## WRPLAT Program Output Listing

Version: 2004.12.30.00      Rundate: 04/11/2005 02:38 PM

Radius search of 10000 feet from a point S851 W842 from the NE corner, section 12, Township 13S, Range 20E, SL b&m  
Criteria:wrtypes=W,C,E podtypes=U status=U,A,P usetypes=all



**Water Rights**

<b>WR Number</b>	<b>Diversion Type/Location</b>	<b>Well Log</b>	<b>Status</b>	<b>Priority</b>	<b>Uses</b>	<b>CFS</b>	<b>ACFT</b>	<b>Owner Name</b>
<u>49-285</u>	Underground S2125 E170 NW 12 13S 20E SL		A	19701203	S	0.015	0.000	UTAH OIL SHALES INC. C/O RAYMOND T. SENIOR, PRESIDENT
<u>a10477</u>	Underground S2125 E170 NW 12 13S 20E SL		A	19781106	S	0.015	0.000	UTAH OIL SHALES INC. 622 NEWHOUSE BLDG. (10 EXCHANGE PLACE)

[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#)

Well name:	<b>04-05 Slate Mustang 1320-12A</b>	
Operator:	<b>Slate River Resources, LLC</b>	Project ID:
String type:	Surface	43-047-36369
Location:	Uintah County	

**Design parameters:**

**Collapse**

Mud weight: 8.400 ppg  
Design is based on evacuated pipe.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No  
Surface temperature: 75 °F  
Bottom hole temperature: 103 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 1,500 ft

Cement top: 508 ft

**Burst**

Max anticipated surface pressure: 1,760 psi  
Internal gradient: 0.120 psi/ft  
Calculated BHP 2,000 psi

No backup mud specified.

**Tension:**

8 Round STC: 1.80 (J)  
8 Round LTC: 1.80 (J)  
Buttress: 1.60 (J)  
Premium: 1.50 (J)  
Body yield: 1.50 (B)

Tension is based on buoyed weight.  
Neutral point: 1,753 ft

Non-directional string.

**Re subsequent strings:**

Next setting depth: 8,000 ft  
Next mud weight: 9.000 ppg  
Next setting BHP: 3,740 psi  
Fracture mud wt: 19.250 ppg  
Fracture depth: 2,000 ft  
Injection pressure 2,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	2000	9.625	32.30	H-40	ST&C	2000	2000	8.876	126.8

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	873	1370	1.570	2000	2270	1.14	57	254	4.49 J

Prepared by: Clinton Dworshak  
Utah Div. of Oil & Mining

Phone: 801-538-5280  
FAX: 801-359-3940

Date: April 12, 2005  
Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

*Engineering responsibility for use of this design will be that of the purchaser.*

Well name:	<b>04-05 Slate Mustang 1320-12A</b>	
Operator:	<b>Slate River Resources, LLC</b>	
String type:	<b>Production</b>	Project ID: <b>43-047-36369</b>
Location:	<b>Uintah County</b>	

**Design parameters:**
**Collapse**

Mud weight: 9.000 ppg  
Design is based on evacuated pipe.

**Minimum design factors:**
**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No  
Surface temperature: 75 °F  
Bottom hole temperature: 187 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 1,500 ft

Cement top: 4,243 ft

**Burst**

Max anticipated surface pressure: 3,005 psi  
Internal gradient: 0.092 psi/ft  
Calculated BHP 3,740 psi

No backup mud specified.

**Tension:**

8 Round STC: 1.80 (J)  
8 Round LTC: 1.80 (J)  
Buttress: 1.60 (J)  
Premium: 1.50 (J)  
Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.  
Neutral point: 6,923 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	8000	4.5	11.60	M-80	LT&C	8000	8000	3.875	185.4

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	3740	6350	1.698	3740	7780	2.08	80	267	3.33 B

Prepared by: Clinton Dworshak  
Utah Div. of Oil & Mining

Phone: 801-538-5280  
FAX: 801-359-3940

Date: April 12, 2005  
Salt Lake City, Utah

**Remarks:**

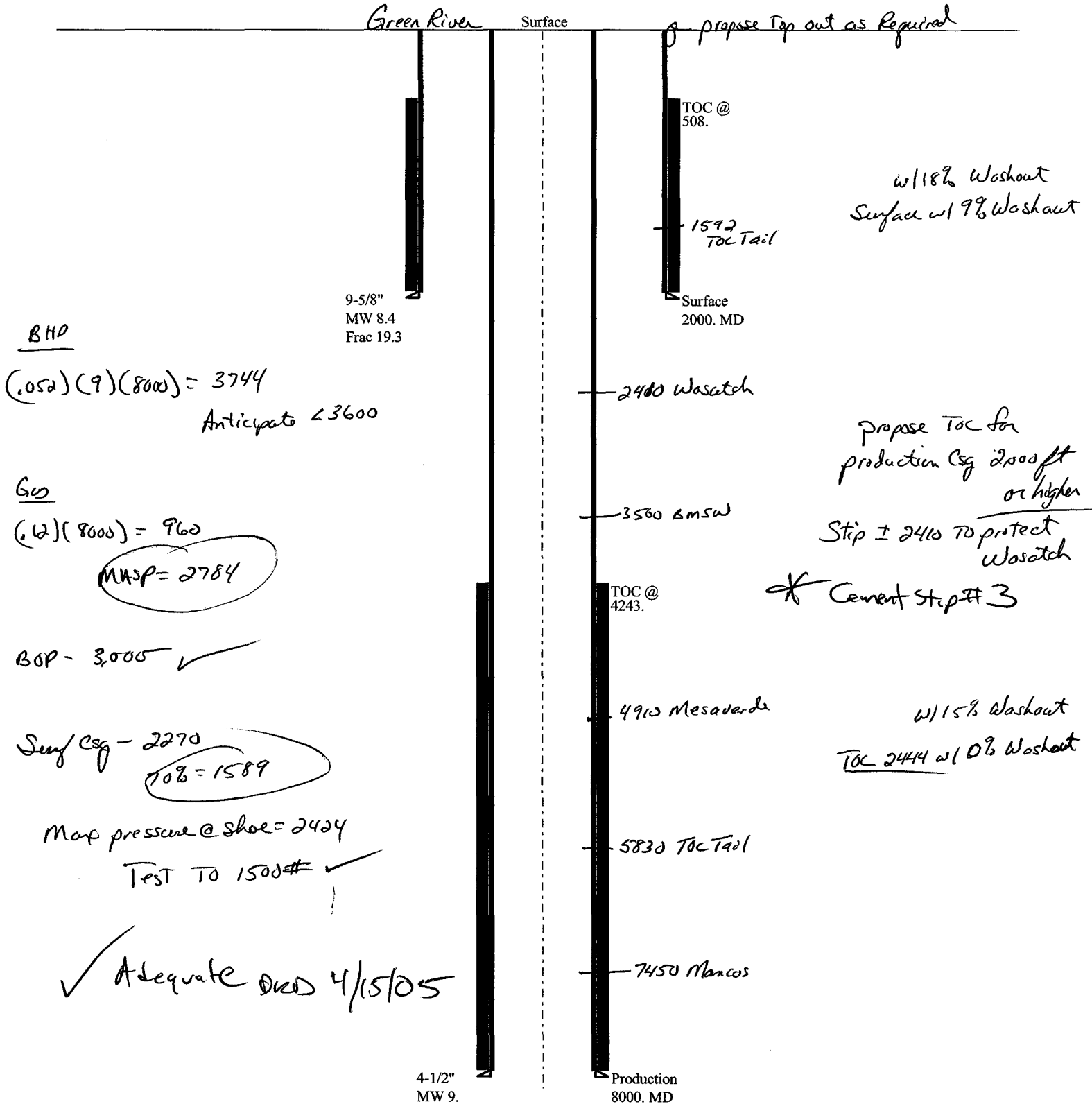
Collapse is based on a vertical depth of 8000 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

*Engineering responsibility for use of this design will be that of the purchaser.*

# 04-05 Slate Mustang 1320-A

## Casing Schematic



**State of Utah****Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

MARY ANN WRIGHT  
*Acting Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

April 18, 2005

Slate River Resources, LLC  
418 East Main Street  
Vernal, Utah 84078

Re: Mustang 1320-12A Well, 851' FNL, 842' FEL, NE NE, Sec. 12, T. 13 South,  
R. 20 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-36369.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Baza".

John R. Baza  
Associate Director

jc  
Enclosures

cc: Uintah County Assessor

Operator: Slate River Resources, LLC  
Well Name & Number Mustang 1320-12A  
API Number: 43-047-36369  
Lease: Fee

Location: NE NE Sec. 12 T. 13 South R. 20 East

### Conditions of Approval

#### 1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

#### 2. Notification Requirements

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

#### 3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

#### 4. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

#### 5. Cement volume for the 4 ½" production string shall be determined from actual hole diameter in order to place cement from the pipe setting depth back to 2000' MD as indicated in the submitted drilling plan.

43-047-36369  
4304736369  
13S 20E 12

**APPLICATION FOR TRANSPORTATION AND  
UTILITY SYSTEMS AND FACILITIES  
ON FEDERAL LANDS**

FORM APPROVED  
OMB NO. 1004-0060  
Expires: December 31, 2001

**FOR AGENCY USE ONLY**

**NOTE:** Before completing and file application, the applicant should completely review this package and schedule a preapplication meeting with representatives of the agency responsible for processing the application. Each agency may have specific and unique requirements to be met in preparing and processing the application. Many times, with help of the representative, the application can be completed at the application meeting.

Application Number

Date Filed

1 Name and address of the applicant (include Zip code)

**Slate River Resources, LLC  
418 E Main  
Vernal, UT 84078**

2 Name, title, and address of authorized agent if different from item 1 (include zip code)

**Ginger Stringham  
PO BOX 790203  
Vernal, UT 84079**

3 TELEPHONE (area code)

Applicant

435-781-1871

Authorized Agent

435-790-4163

4

- a ☐ Individual  
b ☒ Corporation\*  
c ☐ Partnership/Association\*  
d ☐ State Government/State Agency  
e ☐ Local Government  
f ☐ Federal Agency

\* If checked complete supplemental page

6 If an individual, or partnership are you a citizen(s) of the United States?

7 Project description (describe in detail): (a) Type of system or facility, e.g., canal, pipeline, road); (b) related structures and facilities; (c) physical specifications (length, width, grade, etc.); (d) term of years needed; (e) time of year of use or operation; (f) Volume or amount of production to be transported; (g) duration and time of construction; and (h) temporary work area needed for construction (Attach additional sheets, if additional space is needed.)

- a. Application for pipeline right-of-way to serve Agency Draw area.  
b. Five staging areas will be constructed of Federal and State Lands.  
c. Approximately 21,820.99 ft, temporary width 45 ft, permanent width 15 ft.  
d. 20 years or the production life of the well.  
e. year round  
f. Please see attached POD  
g. One week.  
h. none.**

8 Attach a map covering area and show location of proposal

9 State or Local government approval ☐ Attached ☒ Applied for ☐ Not Required

10 Nonreturnable application fee: ☒ Attached ☐ Not Required

11 Does Project cross international or affect international waterways? ☐ Yes ☒ No

12 Give statement of your technical and financial capability to conduct, operate, maintain, and terminate system for which authorization is being requested  
**Slate River Resources, LLC has the technical and financial capability to construct, operate, maintain and terminate the proposed pipeline.**

- 13 a Describe other reasonable alternative routes and modes considered.

**An alternative would be to bury the gathering line. Alternate routes were considered, but due to T&E species, the alternate route was discounted.**

- b Why were these alternatives not selected

**Loss of habitat, habitat fragmentation, and existing routes were determining factors in not choosing an alternative route.**

- c Give explanation as to why it is necessary to cross Federal Lands.

**It is necessary to cross Federal lands to access Fee lands in Agency Draw and avoid curtailment of gas from the area.**

- 14 List authorization and pending application filed for similar projects which may provide information to authorizing agency. (specify number, date, code, or name)

**Miller, Dyer and Associates have a paralleled gas line within the proposed route.  
Application**

- 15 Provide statement of need for project, including the economic feasibility and items as: (a) cost of proposal (construction, operation, and maintenance); (b) estimated cost of next best alternative; and (c) expected public benefits.

**a. The cost estimate for the proposed project is \$650,000.**

**b. The cost estimate for the alternative would be \$5/ft of installed buried gas gathering line.**

**c. The expected public benefit is increase local jobs and less dependency on foreign oil & gas.**

- 16 Describe probable effects on the population in the area, including the social and economic aspects, and the rural lifestyles.

**There will be no significant impacts on the areas population, social or economic aspects or the rural lifestyle from the proposed project.**

- 17 Describe likely environmental effects project will have on: (a) air quality; (b) visual impacts; (c) surface and ground water quality and Quantity; (d) the control or structural change on any stream or other body of water; (e) existing noise levels; and (f) the surface of the land including vegetation, permafrost, soil, and soil stability.

**a. minimal**

**d. no change**

**b. minimal**

**e. minimal**

**c. minimal**

**f. slight disturbance when pipeline is boomed off access.**

- 18 Describe the probable effects that the proposed project will have on (a) populations of fish, plantlike, wildlife, and marine life, including threatened and endangered species; and (b) marine mammals, including hunting, capturing, collecting, or killing these animals.

**a. There will be little or no impacts on fish, plantlife, wildlife, and threatened and endangered species**

**b. NA**

- 19 State whether any hazardous material, as defined in this paragraph, will be used, transported or stored on or within the right-of-way or any of the right-of-way facilities, or used in the construction, operation, maintenance or termination of the right-of-way or any of its facilities. "Hazardous Material" means any substance, pollutant or contaminant that is listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq., and its regulations. The definition of hazardous substances under CERCLA includes any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (RCRA), as amended, 42 U.S.C. 6901 et seq., and its regulations. The term hazardous material also includes any nuclear or byproduct material as defined by the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 et seq. The term does not include petroleum, including crude oil or any fraction thereof that is not otherwise specifically listed or described as a hazardous substance, under CERCLA Section 101(14), 42 U.S.C. 9601(14), nor does the term include natural gas.

**Less than one gallon per day of methanol could be used to minimize freezing in the winter months.**

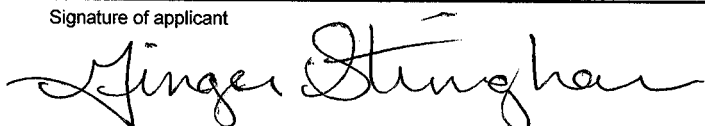
- 20 Name all the Department(s)/Agency(ies) where this application is being filed.

**Bureau of Land Management, Vernal Field Office. Vernal, UT**

**Cc: Utah Division of Oil, Gas and Mining.**

I HEREBY CERTIFY, That I am of legal age and authorized to do business in the State and that I have personally examined the information contained the information contained in the application and believe that the formation submitted in correct to the best of my knowledge.

Signature of applicant



Date

**8/25/2005**

Titla 18, U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the Utah States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

## PLAN OF DEVELOPMENT

### Sunday School Canyon Pipeline

Sections 1, 2, 3, 9, 10 of Township 13S, Range 21East  
Section 36 of Township 12 South, Range 21East  
Sections 30 & 31 of Township 12 South, Range 22 East  
S.L.B. & M.  
Uintah County, Utah

Slate River Resources, LLC is proposing to construct an 8" surface pipeline to transport developed gas within the Agency Draw area. The proposed project is estimated to cost approximately \$650,000 to construct and commission the pipeline. This project will allow gas sales from the Fee leases presently under development. The project is necessary to prevent gas curtailment from the Agency Draw area.

The following leases will be gathered from Slate River Resources Agency Draw Area:

Eagle Minerals Ltd. Oil and Gas Lease (Fee)	19,199.80 acres, more or less
Uintah Oil Association Oil & Gas Lease (Fee)	2,038.96 acres, more or less
Utah Oil Shales, Inc. Oil & Gas Lease (Fee)	2,278.69 acres, more or less
Total Fee Acreage Under Development	23,517.45 acres, more or less

The pipeline and route will begin in the NE ¼ of the SE ¼ in Section 9, Township 13S, Range 21 East and proceed to the northeast, follow the existing roads and travel cross country, terminating in the SE¼ of the SW¼ of section 30, Township 12S, Range 22E which will be proximately 29,019.25' in length, 45' in width for construction and 15' permanent width. An 8" nominal, 8-5/8" OD x 0.188 WT, burst pressure of 1,140 psi pipeline will be placed in the route to transport the produced natural gas to markets. The estimated operating pressure of the pipeline will range from 300 psig to 900 psig.

The following information is provided as a supplement to the summary information included in the application.

#### Description of the Proposed Pipeline

##### Purpose and Need for the Right of Way

Gas production is being developed from the Agency Draw gas field and local gathering lines are economically inaccessible or provide very limited capacity to move the Agency Draw gas to market. Slate River Resources, LLC has drilled and logged the first well on the Fee lease position and intends to complete the well during August 2005. Additional wells will be drilled utilizing a single, continuous drilling rig and completion rig program. The ongoing program would be curtailed, and development on the Fee leases would halt due to a lack of pipeline capacity or a viable, economical transport pipeline to move the gas to market.

The below mentioned wells are currently capable of producing, drilling or proposed within the Agency Draw area which are part of the curtailment of gas:

Township 13S, Ranges 20E & 21E, Uintah County, Utah

Well	Field	Lease #	Spot	S-T-R
UOS #1321- 9P	Agency Draw	Utah Oil Shales	SESE	9-13S-21E
Mustang #1320- 1I	Agency Draw	Eagle Minerals Ltd	NESE	1-13S-20E
UOA #1321- 6G	Agency Draw	Uintah Oil Association	SWNE	6-13S-21E
UOA #1321- 7A	Agency Draw	Uintah Oil Association	NENE	7-13S-21E
UOA #1321- 8C	Agency Draw	Uintah Oil Association	NENW	8-13S-21E
UOS #1321- 9L	Agency Draw	Utah Oil Shales	NWSW	9-13S-21E
Mustang #1321- 7F	Agency Draw	Eagle Minerals Ltd	SESW	7-13S-21E
Mustang #1320-12A	Agency Draw	Eagle Minerals Ltd	NENE	12-13S-20E
Mustang #1321- 6C	Agency Draw	Eagle Minerals Ltd	NENW	6-13S-21E
UOS #1321- 8A	Agency Draw	Utah Oil Shales	NENE	8-13S-21E
Mustang #1321- 6N	Agency Draw	Eagle Minerals Ltd	SESW	6-13S-21E

Additional wells are planned for the area and development will continue for several years with approximately 25 wells developed per year.

Pipeline Design and Construction Factors

The pipeline will be of welded construction and have an operating pressure range of 300-900 psig. The pipe will be 8" nominal, 8.625" OD x 0.188 WT with a design burst of 1,140 psi. The line will be a surface line used to transport the produced Agency Draw gas to markets. Above ground piping will be bare and below grade piping will be coated with an appropriate material to prevent corrosion and premature failure. The line will be designed in accordance with API and industry standards for non-regulated gathering lines.

Installation of the pipeline segment in the NE¼ of NW¼ of Section 10, Township 13 South, Range 21E will involve a steep grade descent. A staging area at the top of the grade will be used for pipe welding, and the pipe will be lowered down the grade to the base in the Willow Creek bottom. The staging area will be 60' wide by 100' in length and will be reclaimed to the 15' ROW width following the descent segment construction. The pipeline will be anchored to at the top of the decent by boring into the rock and installing anchor supports. Five staging area's for construction of the pipeline are included in the attached map and will be shared and reclaimed with Miller, Dyer and Associates.

The pipeline proceeds to the northeast and will cross the Willow Creek in the NW¼ of the NE¼ of Section 10, Township 13S, Range 21E. The crossing will span the Willow Creek on supports constructed to elevate the pipeline above high water stream flows.

Construction

The proposed 8" surface line will be buried at road crossings. All buried pipe will be coated with an appropriate material to inhibit external corrosion. A backhoe or other trenching equipment will be utilized during construction. All welded line pipe will be visually inspected, and the entire pipeline will be pressure tested before being placed into service. Blasting of rock will only occur where topography is too severe to use trenching equipment and only to reach the required depth to lay the pipeline in. During construction, a 45' wide access will be required to get the required equipment into the proposed pipeline route for trenching. Upon completion of construction the pipeline will be a 15' right-of-way.

The below mentioned wells are currently capable of producing, drilling or proposed

within the Agency Draw area which are part of the curtailment of gas:

Township 13S, Ranges 20E & 21E, Uintah County, Utah

Well	Field	Lease #	Spot	S-T-R
UOS #1321- 9P	Agency Draw	Utah Oil Shales	SESE	9-13S-21E
Mustang #1320- 1I	Agency Draw	Eagle Minerals Ltd	NESE	1-13S-20E
UOA #1321- 6G	Agency Draw	Uintah Oil Association	SWNE	6-13S-21E
UOA #1321- 7A	Agency Draw	Uintah Oil Association	NENE	7-13S-21E
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Mustang #1320-12A	Agency Draw	Eagle Minerals Ltd	NENE	12-13S-20E
Mustang #1321- 6C	Agency Draw	Eagle Minerals Ltd	NENW	6-13S-21E
UOS #1321- 8A	Agency Draw	Utah Oil Shales	NENE	8-13S-21E
Mustang #1321- 6N	Agency Draw	Eagle Minerals Ltd	SESW	6-13S-21E

After construction is completed, the pipeline right-of-way will be 15 ft wide.

Alternative Route

An alternative route was not selected due to the additional disturbance necessary for routes not utilizing the existing roads.

Noxious Weeds

Along the 15 ft wide right-of-way the operator will control noxious weeds, which meet the prescription of the authorized BLM Office, State Division of Oil, Gas and Mining, and the Private Land Owner.

Additional Components of the Right of Way

Governmental Agency Involvement

Paved roads will not be crossed by the proposed pipeline. Dirt roads will be cut and restored to a condition equivalent to the existing condition. The pipeline will cross Uintah County Roads #2810 and #5120. The County will be contacted and an agreement and bonding will be provided for the crossings.

Right of Way Location

A location survey map prepared by Timberline Land Surveying is attached.

Resource Values and Environmental Concerns

A Cultural Resource Inventory will not be filed unless requested by the land owner.

A Paleontological report will not be filed unless requested by the land owner.

The proposed project will have minimal short-term environmental effects. During construction dust generation will have a minimal effect on air quality and minimal visual impact. The construction area contains sparse natural vegetation, which will be

naturally reclaimed once construction is complete. Additionally, the project will be within or adjacent to the existing rights-of-way which have experienced previous surface disturbances. All construction activities will be performed to retain all natural water flows; therefore, there will be minimum impact to streams and/or other bodies of water.

The proposed project will have no adverse effects on fish or marine life.

#### Scheduling

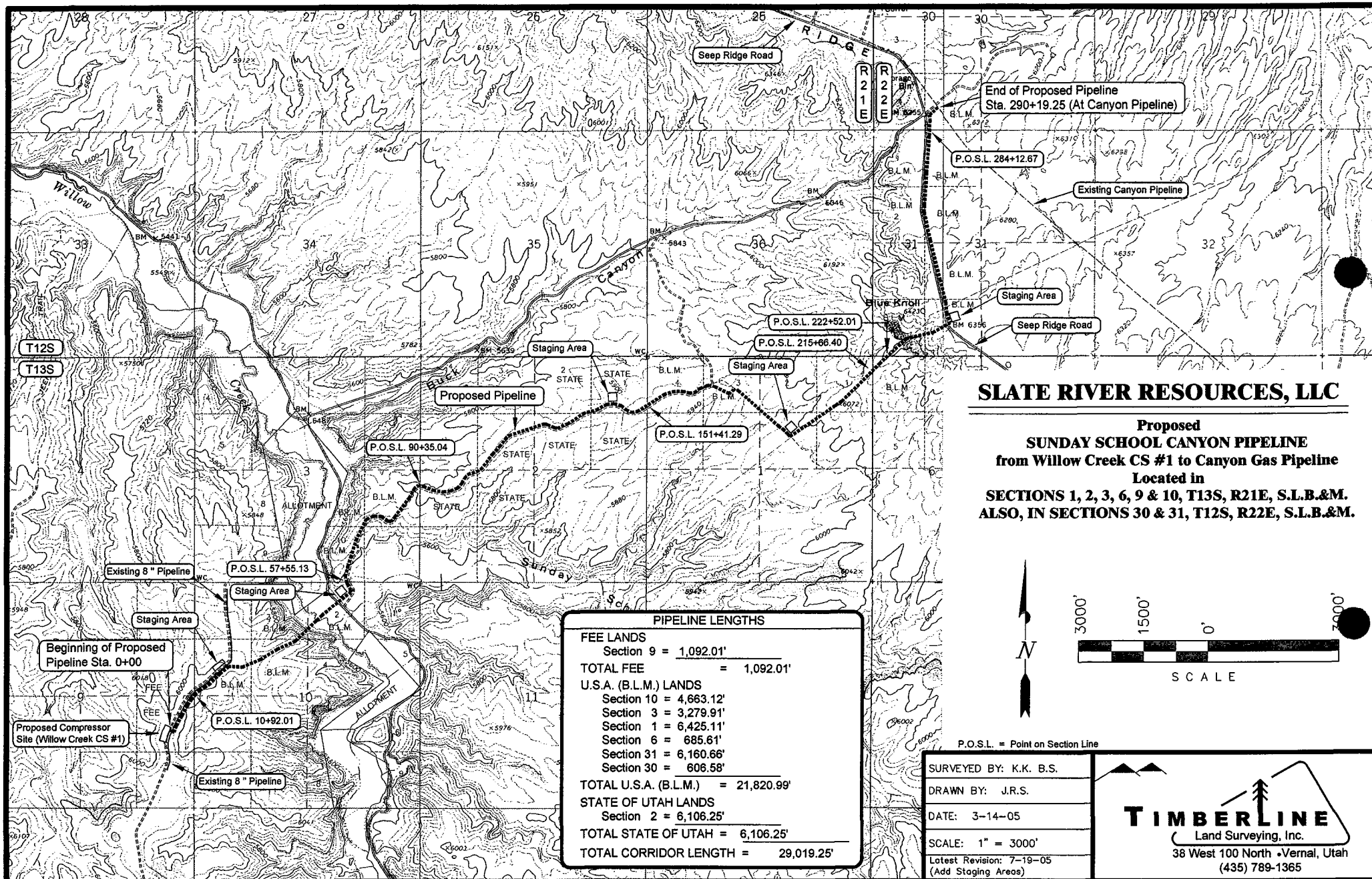
Begin Construction: October 1, 2005

In Service Date: November 1, 2005

Upon approval of the rights-of-way Slate River Resources, LLC plans on construction of the pipeline. The above schedule is dependent upon the approval and stipulations.

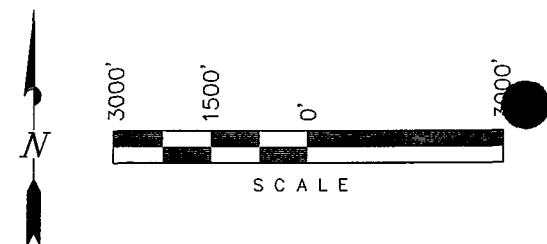
#### Termination and Restoration

Slate River Resources, LLC, or its successor will remove and dispose of the 8" pipeline and properly abandon the route when the pipeline is no longer needed for gas gathering and transportation. At that time, the right-of-way would be terminated and reclaimed to the requirements of the Bureau of Land Management, Vernal Field office, State of Utah and the private land owner.



## SLATE RIVER RESOURCES, LLC

**Proposed  
SUNDAY SCHOOL CANYON PIPELINE**  
from Willow Creek CS #1 to Canyon Gas Pipeline  
Located in  
**SECTIONS 1, 2, 3, 6, 9 & 10, T13S, R21E, S.L.B.&M.**  
**ALSO, IN SECTIONS 30 & 31, T12S, R22E, S.L.B.&M.**



P.O.S.L. = Point on Section Line

PIPELINE LENGTHS	
<b>FEE LANDS</b>	
Section 9 =	1,092.01'
<b>TOTAL FEE</b>	<b>= 1,092.01'</b>
<b>U.S.A. (B.L.M.) LANDS</b>	
Section 10 =	4,663.12'
Section 3 =	3,279.91'
Section 1 =	6,425.11'
Section 6 =	685.61'
Section 31 =	6,160.66'
Section 30 =	606.58'
<b>TOTAL U.S.A. (B.L.M.)</b>	<b>= 21,820.99'</b>
<b>STATE OF UTAH LANDS</b>	
Section 2 =	6,106.25'
<b>TOTAL STATE OF UTAH</b>	<b>= 6,106.25'</b>
<b>TOTAL CORRIDOR LENGTH</b>	<b>= 29,019.25'</b>

SURVEYED BY: K.K. B.S.

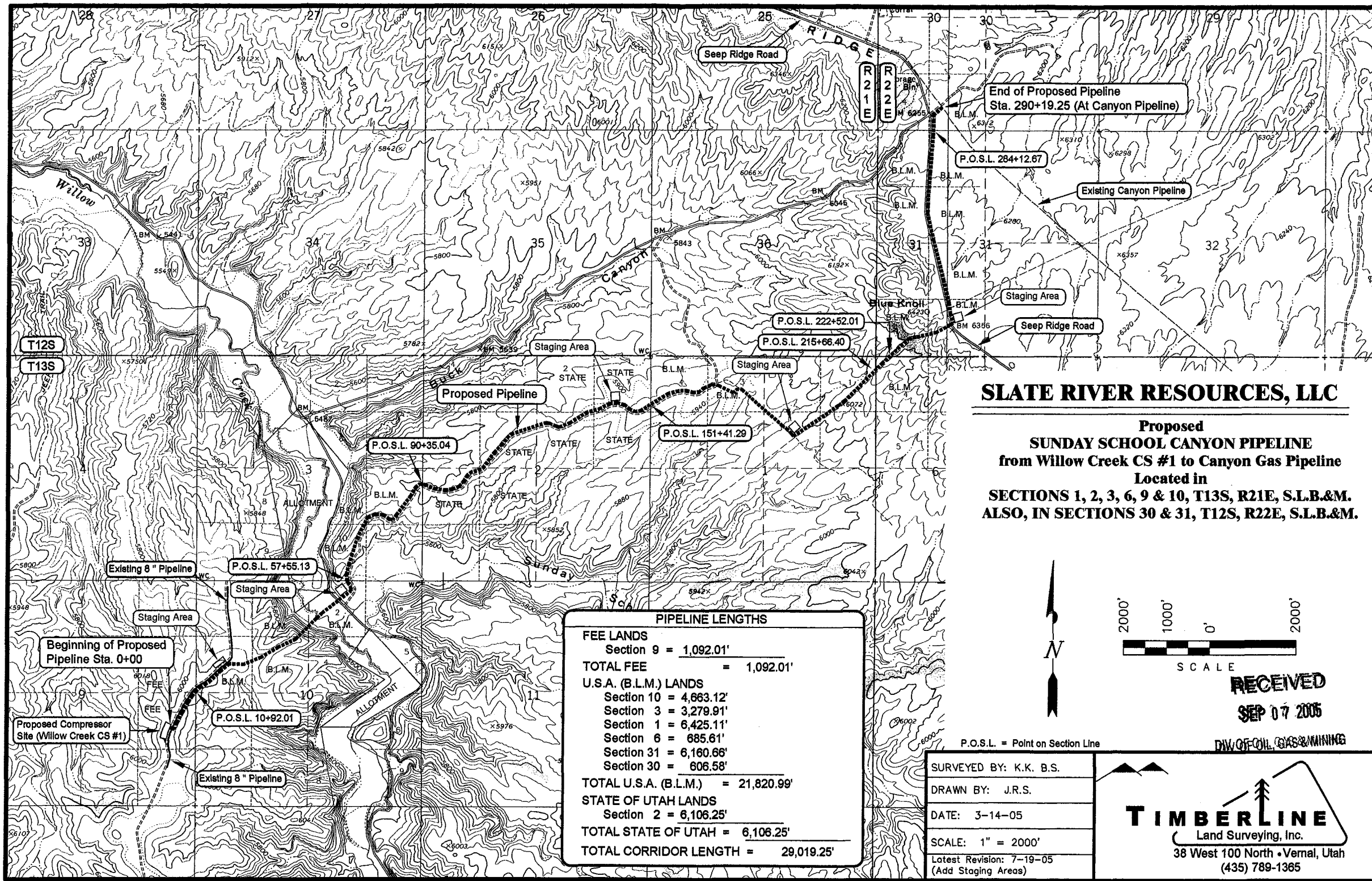
DRAWN BY: J.R.S.

DATE: 3-14-05

SCALE: 1" = 3000'

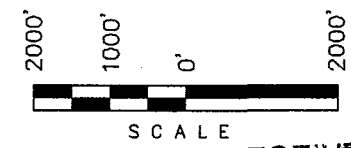
Latest Revision: 7-19-05  
(Add Staging Areas)

**TIMBERLINE**  
Land Surveying, Inc.  
38 West 100 North • Vernal, Utah  
(435) 789-1365



**SLATE RIVER RESOURCES, LLC**

**Proposed  
SUNDAY SCHOOL CANYON PIPELINE**  
from Willow Creek CS #1 to Canyon Gas Pipeline  
Located in  
**SECTIONS 1, 2, 3, 6, 9 & 10, T13S, R21E, S.L.B.&M.**  
**ALSO, IN SECTIONS 30 & 31, T12S, R22E, S.L.B.&M.**



**RECEIVED**  
**SEP 07 2005**

DIVISION OF OIL, GAS & MINING

PIPELINE LENGTHS	
<b>FEE LANDS</b>	
Section 9 =	1,092.01'
<b>TOTAL FEE</b>	<b>= 1,092.01'</b>
<b>U.S.A. (B.L.M.) LANDS</b>	
Section 10 =	4,663.12'
Section 3 =	3,279.91'
Section 1 =	6,425.11'
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Section 30 =	606.58'
<b>TOTAL U.S.A. (B.L.M.)</b>	<b>= 21,820.99'</b>
<b>STATE OF UTAH LANDS</b>	
Section 2 =	6,106.25'
<b>TOTAL STATE OF UTAH</b>	<b>= 6,106.25'</b>
<b>TOTAL CORRIDOR LENGTH</b>	<b>= 29,019.25'</b>

P.O.S.L. = Point on Section Line

SURVEYED BY: K.K. B.S.
DRAWN BY: J.R.S.
DATE: 3-14-05
SCALE: 1" = 2000'
Latest Revision: 7-19-05 (Add Staging Areas)

**TIMBERLINE**  
Land Surveying, Inc.  
38 West 100 North • Vernal, Utah  
(435) 789-1365

CONFIDENTIAL

**DIVISION OF OIL, GAS AND MINING**

**SPUDDING INFORMATION**

Name of Company: SLATE RIVER RESOURCES LLC

Well Name: MUSTANG 1320-12A

Api No: 43-047-36369 Lease Type: FEE

Section 12 Township 13S Range 20E County UINTAH

Drilling Contractor PETE MARTIN'S RIG # BUCKET

**SPUDDED:**

Date 10/10/05

Time \_\_\_\_\_

How DRY

**Drilling will Commence:** \_\_\_\_\_

Reported by RON SJOSTROM

Telephone # 1-435-828-7967

Date 10/12/05 Signed CHD

FORM 9

**STATE OF UTAH  
DIVISION OF OIL, GAS AND MINING**

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT -" for such proposals

1. Type of Well: OIL ☐ GAS ☒ OTHER: **CONFIDENTIAL**

2. Name of Operator:

**SLATE RIVER RESOURCES, LLC**

3. Address and Telephone Number:

**418 E. MAIN STE 18 VERNAL, UT 84078**

4. Location of Well:

Footages: **851' FNL & 842' FEL**

Q.Q. Sec., T., R., M.:

**NENE SEC 12 T13S R20E SLC MERIDIAN**

Country: **UINTAH**

State: **UT**

5. Lease Designation and Serial Number:

**FEE**

6. If Indian, Allottee or Tribe Name:

7. Unit Agreement Name:

8. Well Name and Number:

**MUSTANG 1320-12A**

9. API Well Number:

**43-047-36369**

10. Field and Pool, or Wildcat:

**WILDCAT**

**11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

**NOTICE OF INTENT**

(Submit in Duplicate)

- |  |   |
|--|---|
| <input type="checkbox"/> Abandon                   | <input type="checkbox"/> New Construction     |
| <input type="checkbox"/> Repair Casing             | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans           | <input type="checkbox"/> Recomplete           |
| <input type="checkbox"/> Convert to Injection      | <input type="checkbox"/> Reperforate          |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Vent or Flare        |
| <input type="checkbox"/> Multiple Completion       | <input type="checkbox"/> Water Shut-Off       |
| <input type="checkbox"/> Other _____               |   |

Approximate date work will start \_\_\_\_\_

**SUBSEQUENT REPORT**

(Submit Original Form Only)

- |  |   |
|--|---|
| <input type="checkbox"/> Abandon*                            | <input type="checkbox"/> New Construction     |
| <input type="checkbox"/> Repair Casing                       | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans                     | <input type="checkbox"/> Reperforate          |
| <input type="checkbox"/> Convert to Injection                | <input type="checkbox"/> Vent or Flare        |
| <input type="checkbox"/> Fracture Treat or Acidize           | <input type="checkbox"/> Water Shut-Off       |
| <input checked="" type="checkbox"/> Other <u>Spud Notice</u> |   |

Date of work completion 10/16/2005

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form.

\* Must be accompanied by a cement verification report.

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)

**Pete Martin Rathole Drilling MI&RU RHR. The well was spud at 7:00 a.m. on 10/11/05. 40' of 14" conductor pipe was cemented with approx. 3 yards of ready-mix cement.**

**10/15/2005**

**Bill Jr. Rathole Drilling, Inc. MI&RU. Drilled a 12-1/4" surface hole to 1870'. Set 1823.5' (42 Jts) of 9-5/8" 32.30# H-40 ST&C as follows: Lead - 160 sks 16% gel, 10# gilsonite, 3% salt, 3# GR3, 1/4# Flocele; Tail - 200 sks 2% CaCl<sub>2</sub>, 1/4# flocele; Top - 150 sks 4% CaCl<sub>2</sub>, 1/4" flocele; Cement to surface - stayed full, 20 bbls cement to pit.**

**RDMOL. WO Rotary tool.**

13.

Name and Signature:

*Lucy Nemeo*  
**Lucy Nemeo**

Title: **SR. Operations Spec**

Date: **18-Oct-05**

(This space for State use only.)

(4/94)

(See Instructions on Reverse Side)

**RECEIVED**

**OCT 18 2005**

**DIV. OF OIL, GAS & MINING**

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 6

**ENTITY ACTION FORM**

Operator: State River Resources, LLC Operator Account Number: N 2725  
Address: 418 E. Main Suite 18  
city Vernal  
state Ut zip 84078 Phone Number: (435) 781-1870

**Well 1**

API Number	Well Name	QQ	Sec	Twp	Rng	County
4304736371	Mustang 1321-7F	SENW	7	13S	21E	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
A	99999	14998	10/10/2005	10/30/05		
Comments: MIRU Pete Martin Rathole Rig Spud @ 8:00 a.m. on 10/10/05 MNCs CONFIDENTIAL J						

**Well 2**

API Number	Well Name	QQ	Sec	Twp	Rng	County
4304736369	Mustang 1320-12A	NENE	12	13S	20E	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
A	99999	14999	10/11/2005	10/30/05		
Comments: MIRU Pete Martin Rathole Rig Spud @ 7:00 a.m. on 10/11/05 MNCs CONFIDENTIAL J						

**Well 3**

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
Comments:						

**ACTION CODES:**

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Lucy Nemec

Name (Please Print)

Signature *Lucy Nemec*

Sr. Operations Specialist

10/17/2005

Title

Date

(5/2000)

RECEIVED

OCT 18 2005

DIV. OF OIL, GAS &amp; MINING

STATE OF UTAH  
DIVISION OF OIL, GAS AND MINING

RECORDED

DEC 30 2005

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT -" for such proposals

1. Type of Well: OIL ☐ GAS ☒ OTHER:

2. Name of Operator:

SLATE RIVER RESOURCES, LLC

**CONFIDENTIAL**

3. Address and Telephone Number:

418 E. MAIN STE 18 VERNAL, UT 84078

4. Location of Well:

Footages: 851' FNL & 842' FEL

QQ, Sec., T., R., M.: NENE SEC 12 T13S R20E SLC MERIDIAN

County: UINTAH

State: UT

5. Lease Designation and Serial Number:

FEE

6. If Indian, Allottee or Tribe Name:

7. Unit Agreement Name:

8. Well Name and Number:

MUSTANG 1320-12A

9. API Well Number:

43-047-36369

10. Field and Pool, or Wildcat:

WILDCAT

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

NOTICE OF INTENT

(Submit in Duplicate)

- |  |   |
|--|---|
| <input type="checkbox"/> Abandon                   | <input type="checkbox"/> New Construction     |
| <input type="checkbox"/> Repair Casing             | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans           | <input type="checkbox"/> Recomplete           |
| <input type="checkbox"/> Convert to Injection      | <input type="checkbox"/> Reperforate          |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Vent or Flare        |
| <input type="checkbox"/> Multiple Completion       | <input type="checkbox"/> Water Shut-Off       |
| <input type="checkbox"/> Other _____               |   |

Approximate date work will start \_\_\_\_\_

SUBSEQUENT REPORT

(Submit Original Form Only)

- |  |   |
|--|---|
| <input type="checkbox"/> Abandon*  | <input type="checkbox"/> New Construction     |
| <input type="checkbox"/> Repair Casing                                   | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans                                 | <input type="checkbox"/> Reperforate          |
| <input type="checkbox"/> Convert to Injection                            | <input type="checkbox"/> Vent or Flare        |
| <input type="checkbox"/> Fracture Treat or Acidize                       | <input type="checkbox"/> Water Shut-Off       |
| <input checked="" type="checkbox"/> Other Set & Cement Production Casing |   |

Date of work completion 11/12/2005

Report results of Multiple Completions and Recompletions to different reservoirs on WELL

COMPLETION OR RECOMPLETION REPORT AND LOG form.

\* Must be accompanied by a cement verification report.

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)

**10/30 -11/12/05**

MIRU Union Rig #7. Drilled a 7-7/8" hole from 1870' - 7693'.

Ran 181 jts of new 4-1/2" 11.60# M-80 LT&C casing and set @ 7693'.

Big 4 Cementing cemented production casing with 1080 sx cement as follows:

Lead - 300 sx of 16% Gel - 10# sk Gilsonite, 3% salt, 1/4# flocele, 3# sk GR-3

Tail - 780 sx - 50/50 Poz

Good circulation throughout job, no cement to surface - Float held

Rig Released @ 2100 hrs 11/12/05. RDMOL. WO Completion Rig

13.

Name and Signature:

*Lucy Nemecek*

Title: SR. Operations Spec

Date: 29-Dec-05

Lucy Nemecek

(This space for State use only.)

**STATE OF UTAH**  
**DIVISION OF OIL, GAS AND MINING**

**WELL COMPLETION OR RECOMPLETION REPORT AND LOG\***

1a. TYPE OF WELL

OIL WELL ☐ GAS WELL ☒ DRY ☐ Other \_\_\_\_\_

1b. TYPE OF COMPLETION

NEW WELL ☒ WORK OVER ☐ DEEP-EN ☐ PLUG BACK ☐ DIFF. RESVR. ☐ Other \_\_\_\_\_

2. NAME OF OPERATOR

*Slate River Resources LLC*

3. ADDRESS AND TELEPHONE NO.

*418 E. Main St. Suite 18, Vernal, UT 84078**435-781-1870*

4. LOCATION OF WELL (Report locations clearly and in accordance with any State requirements)

*At Surface 851' FNL 842' FEL*

At top prod. Interval reported below

At total depth

5. LEASE DESIGNATION AND SERIAL NO.

*FEE*

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO

*Mustang 1320-12A*

9. API NO

*43-047-36369*

10. FIELD AND POOL OR WILDCAT

*WILDCAT*

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

*NENE SEC 12, T13S R20E SL&M*

12. COUNTY

*UINTAH*

13. STATE

*UTAH*

14. DATE SPUDDED

*10/11/05*

15. DATE T.D. REACHED

*11/10/05*

16. DATE COMPL. (Ready to prod. or Plug &amp;

*12/15/05*Abandon ☐Ready to Prod ☒

17. ELEVATIONS (DF, RKB, RT, GR, ETC.)\*

*5936 GL, 5951.6 KB*

18. TOTAL DEPTH, MD &amp; TVD

*7693' MD 7693' TVD*

19. PLUG, BACK T.D., MD &amp; TVD

*7560 TD MD TVD*

20. IF MULTIPLE COMPL.,

*HOW MANY 3*

21. DEPTH

BRIDGE PLUG

*SET: TVD CIBP @ 7560'*

CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION--TOP, BOTTOM, NAME (MD AND TVD)

*Mesaverde 5526' - 6293, Segoe 6884 - 6892, Blackhawk 7380' - 7465', MD & TVD*

25. WAS DIRECTIONAL SURVEY MADE

*NO*

26. TYPE ELECTRIC AND OTHER LOGS RUN

*HRI/SD/DSN, WSCDD-T, CBL/CCL/VDL*27. WAS WELL CORED YES ☐ NO ☒ (Submit analysis)DRILL STEM TEST YES ☐ NO ☒ (See reverse side)

## 23. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB/FT	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
<i>9-5/8" H-40</i>	<i>32.30#</i>	<i>1839</i>	<i>12-1/4"</i>	<i>510 sxs "G" Cement to Surface</i>	<i>None</i>
<i>4-1/2" M-80</i>	<i>11.60#</i>	<i>7693</i>	<i>7-7/8"</i>	<i>300 sxs Lead Prem, 780 sxs Tail "50/50 TOC @ 1100'</i>	<i>None</i>

## 29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					<i>2-3/8"</i>	<i>7281'</i>	

## 31. PERFORATION RECORD (Interval, size and number)

**INTERVAL** **SIZE** **NUMBER**  
*See attached*

## 32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
<i>7575 - 7580</i>	<i>Under CIBP @ 7560</i>
<i>7465 - 7380</i>	<i>51,577# 20/40 Sand ATR 24.5 BPM, ATP 2827 PSI</i>
<i>6892 - 6884</i>	<i>21,728# 20/40 Sand ATR 11 BPM, ATP 2605 PSI</i>
<i>6293 - 6212</i>	<i>85,593# 20/40 Sand ATR 16.3 BPM, ATP 2787 PSI</i>

## 33.\* PRODUCTION

DATE FIRST PRODUCTION <i>2/8/06</i>		PRODUCTION METHOD (Flowing, gas lift, pumping--size and type of pump) <i>Flowing</i>				WELL STATUS (Producing or shut-in) <i>SIWOPL P</i>	
DATE OF TEST <i>2/23/06</i>	HOURS TESTED <i>24</i>	CHOKE SIZE <i>40/64</i>	PROD'N. FOR TEST PERIOD <i>→</i>	OIL--BBLs. <i>5</i>	GAS--MCF. <i>337</i>	WATER--BBL. <i>19</i>	GAS-OIL RATIO <i>67:5</i>
FLOW TUBING PRESS. <i>125</i>	CASING PRESSURE <i>650</i>	CALCULATED 24-HOUR RATE <i>→</i>	OIL--BBLs. <i>5</i>	GAS--MCF <i>337</i>	WATER--BBL. <i>19</i>	OIL GRAVITY-API (CORR.)	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

*Sold*

TEST WITNESSED BY

35. LIST OF ATTACHMENTS

*Additional perf and frac intervals*

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

**RECEIVED****MAY 23 2006**

SIGNED \_\_\_\_\_

TITLE *Sr. Operations Specialist*DATE *5/19/2006***See Spaces for Addition Data on Reverse Side****DIV. OF OIL, GAS & MINING**

## INSTRUCTIONS

This form should be completed in compliance with the Utah Oil and Gas Conservation General Rules. If not filed prior to this time, all logs, tests, and directional surveys as required by Utah Rules should be attached and submitted with this report.

ITEM 18: Indicate which elevation is used as reference for depth measurements given in other spaces on this form and on any attachments.

ITEMS 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

ITEM 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

ITEM 33: Submit a separate completion report on this form for each interval to be separately produced (see instruction for items 22 and 24 above).

<b>37. SUMMARY OF POROUS ZONES:</b> Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries.				<b>38. GEOLOGIC MARKERS</b>		
Formation	Top	Bottom	Description, contents, etc.	Name	Top	
					Meas. Depth	True Vert. Depth
Wasatch	2262		Sandstone & Red Shale			
Mesaverde	4619		Sandstone & Shale			
Castlegate	6949		Sandstone & Shale			
Mancos	7259		Sandstone & Shale			
Blackhawk	7365		Sandstone & Shale			

Mesaverde and Mancos are comingled. Test on 9/20/05 included both intervals.

Attachment to Completion Report

**Mustang 1320-12A**

**27. PERFORATION RECORD**

3-1/8" Barrel Gun 120 Deg Phasing .35 perf Diameter

<u>Formation</u>	<u>Interval</u>	<u>No Holes</u>		<u>Status</u>
Blackhawk Sh	7575 - 7580	10	2 SPF	Closed
Blackhawk	7461 - 7465	8	2 SPF	Open
Blackhawk	7408 - 7411	6	2 SPF	Open
Blackhawk	7380 - 7382	4	2 SPF	Open
Sego	6890 - 6892	4	2 SPF	Open
Sego	6884 - 6886	4	2 SPF	Open
Mesaverde	6290 - 6293	6	2 SPF	Open
Mesaverde	6212 - 6215	6	2 SPF	Open
Mesaverde	5526 - 5531	10	2 SPF	Open
<b>Total</b>		<b>58</b>		

**28. FRAC HISTORY (cont'd)**

<u>Depth of Interval</u>	<u>Amount / type of material</u>
5526 - 5531	49,426# 20/40 Sand ATR 14.5 BPM ATP 2254 PSI

STATE OF UTAH  
DIVISION OF OIL, GAS AND MINING

## SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT" for a

**CONFIDENTIAL**1. Type of Well: OIL ☐ GAS ☒ OTHER

2. Name of Operator:

SLATE RIVER RESOURCES, LLC

3. Address and Telephone Number:

418 E. MAIN VERNAL UT 84078

4. Location of Well:

Footages:

See attached

QA Sec. T., R., M.:

5. Lease Designation and Serial Number:

FEE

6. If Indian, Alutian or Tribe Name:

7. Unit Agreement Name:

8. Well Name and Number:

See attached

9. API Well Number:

43-D47-36329

10. Field and Pool or Wildcat:

County: UTAH  
State: UT

## 11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

## NOTICE OF INTENT

(Submit in Duplicate)

- |  |   |
|--|---|
| <input type="checkbox"/> Abandon                   | <input type="checkbox"/> New Construction     |
| <input type="checkbox"/> Repair Casing             | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans           | <input type="checkbox"/> Recomplete           |
| <input type="checkbox"/> Convert to Injection      | <input type="checkbox"/> Reperforate          |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Vent or Flare        |
| <input type="checkbox"/> Multiple Completion       | <input type="checkbox"/> Water Shut-Off       |
| <input checked="" type="checkbox"/> Other          | Disposal of Produced Water                    |

Approximate date work will start 1/25/2006

## SUBSEQUENT REPORT

(Submit Original Form Only)

- |  |   |
|--|---|
| <input type="checkbox"/> Abandon*                  | <input type="checkbox"/> New Construction     |
| <input type="checkbox"/> Repair Casing             | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans           | <input type="checkbox"/> Reperforate          |
| <input type="checkbox"/> Convert to Injection      | <input type="checkbox"/> Vent or Flare        |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Water Shut-Off       |
| <input type="checkbox"/> Other                     |   |

Date of work completion

Report results of Multiple Completions and Recompletions to different reservoirs on WELL

COMPLETION OR RECOMPLETION REPORT AND LOG FORM.

\* Must be accompanied by a cement verification report.

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)

Slate River Resources LLC requests approval to dispose of produced water at either one or both of the approved disposal sites listed below for the attached list of producing wells.

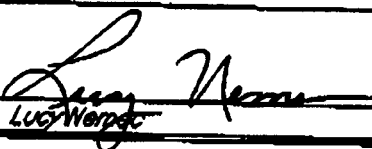
Dalbo/Ace  
6848 W. Hwy 40  
Vernal, UTDalbo Inc. Glen Bench Disposal  
26800 S. Glen Bench Road  
Vernal, Utah

COPY SENT TO OPERATOR

Date: 10-13-06  
Initials: RM

13.

Name and Signature:

  
Lucy Weng

Title: SR Operations Specialist

Date: 11-Sep-06

(This space for State use only.)

Accepted by the  
Utah Division of  
Oil, Gas and Mining

(4/84) Date: 10-12-06

By: 

(See Instructions on Reverse Side)

RECEIVED

OCT 12 2006

DIV. OF OIL, GAS &amp; MINING

**SLATE RIVER RESOURCES LLC**  
**AGENCY DRAW PRODUCING WELLS**  
**OCTOBER 12, 2006**

Well	Field	Lease	API #	Spot	Description S-T-R	County	State
UOS #1321- 9P	Agency Draw	Fee	43-047-36375	SESE	9-13S-21E	Uintah	Utah
Mustang #1320- 1I	Agency Draw	Fee	43-047-36384	NESE	1-13S-20E	Uintah	Utah
UOS #1321- 9L	Agency Draw	Fee	43-047-36376	NWSW	9-13S-21E	Uintah	Utah
UOA #1321- 7A	Agency Draw	Fee	43-047-36372	NENE	7-13S-21E	Uintah	Utah
UOA #1321- 6G	Agency Draw	Fee	43-047-36370	SWNE	6-13S-21E	Uintah	Utah
UOA #1321- 8C	Agency Draw	Fee	43-047-36373	NENW	8-13S-21E	Uintah	Utah
Mustang #1321- 7F	Agency Draw	Fee	43-047-36371	SENE	7-13S-21E	Uintah	Utah
Mustang #1320-12A	Agency Draw	Fee	43-047-36369	NENE	12-13S-20E	Uintah	Utah
Mustang #1321- 6C	Agency Draw	Fee	43-047-36383	NENW	6-13S-21E	Uintah	Utah
UOS #1321- 8A	Agency Draw	Fee	43-047-36374	NENE	8-13S-21E	Uintah	Utah
Mustang #1220-35I	Agency Draw	Fee	43-047-37287	NESE	35-12S-20E	Uintah	Utah
Mustang #1320-10I	Agency Draw	Fee	43-047-37291	NESE	10-13S-20E	Uintah	Utah
Mustang #1320-11H	Agency Draw	Fee	43-047-37295	SENE	11-13S-20E	Uintah	Utah
Mustang #1320-24E	Agency Draw	Fee	43-047-37298	SWNW	24-13S-20E	Uintah	Utah
Mustang #1320-14P	Agency Draw	Fee	43-047-37288	SESE	14-13S-20E	Uintah	Utah
Mustang #1320-13D	Agency Draw	Fee	43-047-37289	NWNW	13-13S-20E	Uintah	Utah
Mustang #1320-14D	Agency Draw	Fee	43-047-37296	NWNW	14-13S-20E	Uintah	Utah

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION OF OIL, GAS AND MINING**

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>FEE</b>
2. NAME OF OPERATOR: <b>Slate River Resources, LLC</b>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 418 E. Main, Suite 18 CITY <b>Vernal</b> STATE <b>UT</b> ZIP <b>84078</b>		7. UNIT or CO AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>861' FNL 842' FEL</b>		8. WELL NAME and NUMBER: <b>Mustang 1320-12A</b>
5. PHONE NUMBER: <b>(435) 781-1870</b>		9. API NUMBER: <b>4304736369</b>
6. FIELD AND POOL, OR WILDCAT: <b>Wildcat</b>		10. FIELD AND POOL, OR WILDCAT: <b>Wildcat</b>
7. COUNTY: <b>Uintah</b>		
8. STATE: <b>UTAH</b>		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> (Submit in Duplicate) Approximate date work will start: <b>5/16/2007</b>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> <b>SUBSEQUENT REPORT</b> (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input checked="" type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Slate River Resources requests approval to plugback the existing Mesaverde and Blackhawk zones and perforate and test uphole Wasatch zones.

Procedure as follows:

Set CIBP @  $\pm 5500'$  to plugback and isolate existing perfed interval 5526' - 7465'

Perforate the Wasatch zones 4030 - 4055, 4550 - 4568 w/ 4 SPF, Breakdown perfs and swab test.

Stimulate zones if necessary. Place well back on production from the Wasatch zones.

If we decide not to go back into the Mesaverde at a later date, we will place a 100' cement plug above the BP at that time. If we decide to drill out the BP and comingle zones, we will file a NOI prior to commingling.

NAME (PLEASE PRINT) <u>Lucy Nemec</u>	TITLE <u>Sr. Operations Specialist</u>
SIGNATURE <u>Lucy Nemec</u>	DATE <u>5/15/2007</u>

(This space for State use only)

**RECEIVED****MAY 16 2007**

DIV. OF OIL, GAS &amp; MINING

APPROVED BY THE STATE  
 OF UTAH DIVISION OF  
 OIL, GAS, AND MINING  
 DATE: 5/16/07  
 BY: [Signature]

(See Instructions on Reverse Side)

COPY SENT TO OPERATOR

 Date: 5/16/07  
 Initials: CHD

418 E. Main Street  
Vernal, UT 84078  
Office: 435-781-1870  
Fax: 435-781-1875

**SLATE RIVER  
RESOURCES, LLC**

# Fax

<b>To:</b>	Dustin Ducet	<b>From:</b>	Lucy Nemec
<b>Company</b>	DOGM	<b>Company</b>	Slate River Resources
<b>Fax:</b>	801-359-3940	<b>Pages:</b>	3
<b>Phone:</b>		<b>Date:</b>	5/16/07
<b>Re:</b>	NOI	<b>cc:</b>	

☒ **Urgent**    ☐ **For Review**    ☐ **Please Comment**    ☐ **Please Reply**    ☐ **Please Recycle**

• **Comments:**

Hi Dustin,

Please call if you have any questions - 435-781-1874

We would really appreciate a verbal approval on these if possible.

Thanks for your help,

Lucy

RECEIVED

MAY 16 2007

DIV. OF OIL, GAS & MINING

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
2. NAME OF OPERATOR: Slate River Resources, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 418 E. Main, Suite 18 CITY Vernal STATE UT ZIP 84078		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (435) 781-1870		8. WELL NAME and NUMBER: Mustang 1320-12A
4. LOCATION OF WELL FOOTAGES AT SURFACE: 851' FNL 842' FEL		9. API NUMBER: 4304736369
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENE 12 13S 20E		10. FIELD AND POOL, OR WILDCAT: Wildcat
COUNTY: Uintah		STATE: UTAH

**11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 5/29/2007	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input checked="" type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Slate River Resources plugged back the existing Mesaverde and Blackhawk zones and perforated uphole Wasatch zones as follows:

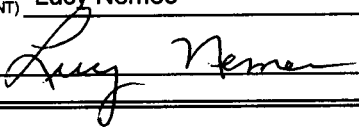
5/1 - 5/23/07

MIRU Nabors Rig #814. Set CIBP @ 5500' to plugback and isolate existing perfed interval 5526' - 7465' Run Reservoir Performance Monitor Log from 5462' - 2200'. ND MOL. WO log results

5/24 - 5/29/07

MIRU Nabors Rig. Perforate the Wasatch zones 4552 - 4560 . Place well back on production from the Wasatch zones. RD Nabors rig.

I

NAME (PLEASE PRINT) Lucy Nemec	TITLE Sr. Operations Specialist
SIGNATURE 	DATE 6/12/2007

(This space for State use only)

RECEIVED

JUN 14 2007

Division of Oil, Gas and Mining  
**OPERATOR CHANGE WORKSHEET**

**ROUTING**

1. DJJ
2. CDW

**X - Change of Operator (Well Sold)**

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

**2/21/2008**

**FROM: (Old Operator):**

N2725-Slate River Resources, LLC  
 418 E Main, Suite 18  
 Vernal, UT 84078

Phone: 1 (435) 781-1874

**TO: ( New Operator):**

N1675-Mustang Fuel Corporation  
 13439 Broadway Ext.  
 Oklahoma City, OK 73114-2202

Phone: 1 (405) 748-9487

**CA No.**

**Unit:**

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST								

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 3/28/2008
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 3/18/2008
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 4/28/2008
- a. Is the new operator registered in the State of Utah: Yes Business Number: 1467562-0143
- b. If **NO**, the operator was contacted on: \_\_\_\_\_
- a. (R649-9-2) Waste Management Plan has been received on: \_\_\_\_\_ Requested
- b. Inspections of LA PA state/fee well sites complete on: n/a
- c. Reports current for Production/Disposition & Sundries on: \_\_\_\_\_
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM n/a BIA n/a
- Federal and Indian Units:**  
 The BLM or BIA has approved the successor of unit operator for wells listed on: n/a
- Federal and Indian Communization Agreements ("CA"):**  
 The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

**DATA ENTRY:**

- Changes entered in the **Oil and Gas Database** on: 4/28/2008
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 4/28/2008
- Bond information entered in RBDMS on: 4/28/2008
- Fee/State wells attached to bond in RBDMS on: 4/28/2008
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: n/a

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number: n/a
  - Indian well(s) covered by Bond Number: n/a
  - a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 400KB7078
  - b. The **FORMER** operator has requested a release of liability from their bond on: 4/18/2008 Disposal Facilities only
- The Division sent response by letter on: \_\_\_\_\_

**LEASE INTEREST OWNER NOTIFICATION:**

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 4/28/2008

**COMMENTS:**

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
2. NAME OF OPERATOR: Mustang Fuel Corporation N 1675		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 13439 Broadway Extension CITY Oklahoma City STATE OK ZIP 73114-2202		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (405) 748-9487		8. WELL NAME and NUMBER: See attached
10. FIELD AND POOL, OR WILDCAT: See attached		9. API NUMBER: See attach

4. LOCATION OF WELL FOOTAGES AT SURFACE: See attached schedule of wells COUNTY: Uintah QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: STATE: UTAH
---

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 2/21/2008	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Mustang Fuel Corporation requests a change of operator from Slate River Resources, LLC to Mustang Fuel Corporation, effective February 21, 2008 for the wells and facilities listed on the attached schedule.

The bond numbers for Mustang Fuel Corporation are:  
State of Utah DOGM Bond 400KB7078  
State of Utah Bond of Lessee  
Federal Utah Statewide Bond

NAME (PLEASE PRINT) Jim Hill	TITLE Operations Manager
SIGNATURE Jim Hill	DATE 2/21/2008

(This space for State use only)

APPROVED 4128108

Earlene Russell  
Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

RECEIVED

MAR 18 2008

DIV. OF OIL, GAS & MINING

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
2. NAME OF OPERATOR: Slate River Resources, LLC <i>N2725</i>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 418 E. Main, Suite 18 CITY Vernal STATE UT ZIP 84078		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (435) 781-1874		8. WELL NAME and NUMBER: See attached
4. LOCATION OF WELL FOOTAGES AT SURFACE: See attached schedule of wells		9. API NUMBER: See attach
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		10. FIELD AND POOL, OR WILDCAT: See attached

COUNTY: Uintah

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>2/21/2008</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Slate River Resources, LLC requests a Change of Operator from Slate River Resources, LLC to Mustang Fuel Corporation on the wells listed on the attached schedule including a change of Operator for the AD Disposal Pit 1, AD Disposal Pit #2 and the Willow Creek Compressor facility effective 2/21/08.

NAME (PLEASE PRINT) <u>Lucy Nemece</u>	TITLE <u>Sr. Operations Specialist</u>
SIGNATURE <u><i>Lucy Nemece</i></u>	DATE <u>3/27/2008</u>

(This space for State use only)

APPROVED 4/28/08  
*Earlene Russell*  
Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician

(5/2000)

(See Instructions on Reverse Side)

RECEIVED

MAR 28 2008

DIV. OF OIL, GAS & MINING

[illegible]

**NOTICE OF VIOLATION**  
**STATE OF UTAH**  
**OIL AND GAS CONSERVATION ACT**

UTAH DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas & Mining  
Oil and Gas Program  
1594 West North Temple, Suite 1210, Box 145801  
Salt Lake City, UT 84114-5801  
(801) 538-5340 Phone  
(801) 359-3940 Fax

These wells are in violation of R-649-3-36 as listed above. The Division requires Mustang to put up full cost bonding for the wells in violation above per R649-3-4. It is also mandatory that Mustang submit all documentation as required by R649-3-36 concerning shut-in and temporarily abandoned wells.

**Immediate Action: For the wells subject to this notice, Mustang shall fulfill full cost bonding requirements for each well. Mustang shall also submit all information as required by R649-3-36 or plug and abandon or place the wells on production.**

**\* Fines may be levied up to \$10,000.00 per day for every well in violation given the authority provided under U.C.A 40-6-11, part 4**

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining. Failure to comply with this notice will result in the Division pursuing further actions against said operator. Further actions may include initiation of agency actions to order full cost bonding and plugging and abandonment of wells and requests for bond forfeiture and civil penalties.

**Compliance Deadline:** May 1, 2013

**Date of Service Mailing:** March 19, 2013

**Certified Mail No.:** 7010 1670 0001 4810 3959



Division Representative Signature

Operator Representative (if presented in person)

cc: Compliance File  
Well Files

1/2013

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
7. UNIT or CA AGREEMENT NAME:
8. WELL NAME and NUMBER: Mustang 1320 - 12A
9. API NUMBER: 4304736369
10. FIELD AND POOL, OR WILDCAT: Wildcat

1. TYPE OF WELL      OIL WELL ☐      GAS WELL ☒      OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
Mustang Fuel Corporation

3. ADDRESS OF OPERATOR:      PHONE NUMBER:  
9800 N Oklahoma Ave      CITY Oklahoma City      STATE OK      ZIP 73114      (405) 748-9400

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: 851' FNL, 842' FEL      COUNTY: Uintah  
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENE 12 13S 20E      STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 10/1/2013	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

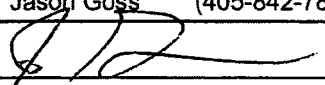
Mustang Fuel proposes to plug and abandon this well per the following :

MOL and RU daylight pulling unit. Record casing, tubing and bradenhead pressures. NU relief line and blow down well. Kill well with water as necessary and at least pump tubing capacity of water down the tubing. ND wellhead and NU BOP. TOH and tally the tubing.

1. Plug #1 (Mesaverde Interval: 5500' - 5400'): Tag existing CIBP at 5500', or as deep as possible. Spot 12 sxs Class G cement above CIBP.
2. Plug #2 (Mesaverde: 4669' - 4569'): 12 sxs Class G cement inside casing.
3. Plug #3 (BMSW: 3550' - 3450'): 12 sxs Class G cement inside casing.
4. Plug #4 (Wasatch: 2312' - 2212'): 12 sxs Class G cement inside casing.
5. Plug #5 (9.625" casing shoe: 1889' - 1789'): 12 sxs Class G cement inside casing.
6. Plug #6 (Surface 100' - 0'): Perforate at 100'. Approximately 40 sxs Class G cement down casing to circulate good cement to the surface. Cut off wellhead. Install P&A marker. RD & MOL.

COPY SENT TO OPERATOR

Date: 10.10.2013  
Initials: KS

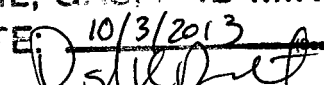
NAME (PLEASE PRINT) Jason Goss (405-842-7888)      TITLE Consulting Engineer  
SIGNATURE       DATE 9/17/2013

(This space for State use only)

APPROVED BY THE STATE  
OF UTAH DIVISION OF  
OIL, GAS, AND MINING

RECEIVED  
SEP 27 2013

(5/2000)

DATE: 10/3/2013  
BY:  (See Instructions on Reverse Side)

DIV. OF OIL, GAS & MINING

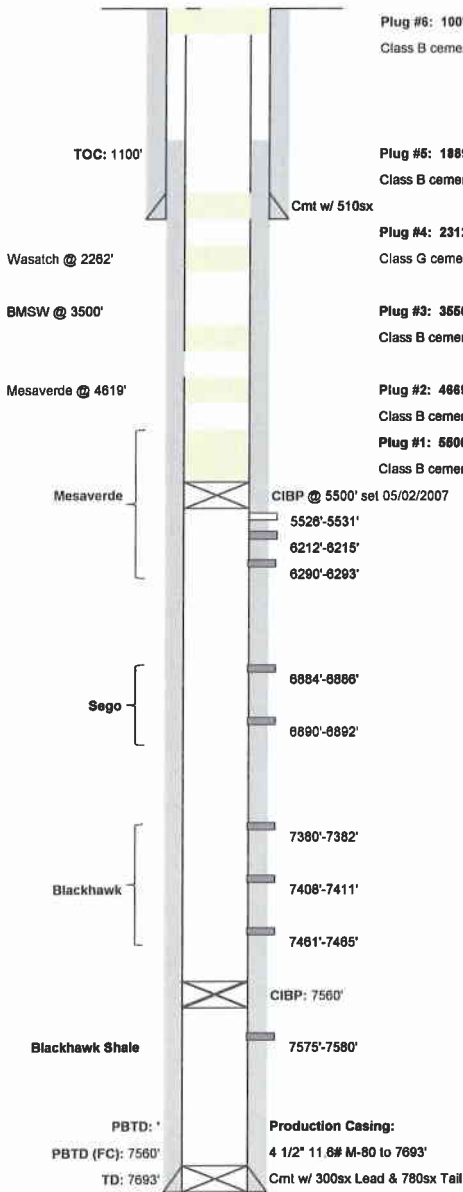
\* See Conditions of Approval (Attached)

### WELLBORE DIAGRAM

WELL: Mustang #1320-12A  
FIELD: AGENCY DRAW  
SPUDDED: 11/3/2005  
Days drill: \_\_\_\_\_  
Comp Date: 12/12/2005  
First Prod: 1/1/2006  
STATUS: SI  
COMMENTS: \_\_\_\_\_

Prospect: Agency Draw / 1028 UT	
LEGAL DESCRIPTION: Sec 12-13S-20E SW NE NE	
COUNTY: UTAH	STATE: UT
PRODUCING ZONE: Mesaverde	
API: 4304736389	
GL: 5936'	TD: 7693'
KB: 5951.6'	PBTD: 7580'
WI BPO: 74.00	WI APO: 74.00
NRI BPO: 56.60	NRI APO: 70.60
CC # 102690600100	
SAP# WU10260011	

## WELL TESTS

[illegible][illegible]



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

## ***CONDITIONS OF APPROVAL TO PLUG AND ABANDON WELL***

Well Name and Number: Mustang 1320-12A  
API Number: 43-047-36369  
Operator: Mustang Fuel Corporation  
Reference Document: Original Sundry Notice dated September 17, 2013,  
received by DOGM on September 27, 2013.

### Approval Conditions:

1. Notify the Division at least 24 hours prior to conducting abandonment operations. Please call Dan Jarvis at 801-538-5338.
2. **Amend Plug # 2:** Plug shall be moved uphole 100' and spotted from 4569' to 4469' to isolate open perfs in the Wasatch from 4552' to 4560'.
3. All balanced plugs shall be tagged to ensure they are at the depths specified in the procedure.
4. All annuli shall be cemented from a minimum depth of 100' to the surface.
5. Surface reclamation shall be done in accordance with R649-3-34 – Well Site Restoration.
6. All requirements in the Oil and Gas Conservation General Rule R649-3-24 shall apply.
7. If there are any changes to the procedure or the wellbore configuration, notify Dustin Doucet at 801-538-5281 (ofc) or 801-733-0983 (home) prior to continuing with the procedure.
8. All other requirements for notice and reporting in the Oil and Gas Conservation General Rules shall apply.

Dustin K. Doucet  
Petroleum Engineer

October 3, 2013

Date

API Well No: 43-047-36369-00-00

Permit No:

Well Name/No: MUSTANG 1320-12A

Company Name: MUSTANG FUEL CORPORATION

Location: Sec: 12 T: 13S R: 20E Spot: NENE

Coordinates: X: 618181 Y: 4396023

Field Name: AGENCY DRAW

County Name: UTAH

## String Information

String	Bottom (ft sub)	Diameter (inches)	Weight (lb/ft)	Length (ft)	Capacity (ft/cf)
HOL1	1839	12.25			
SURF	1839	9.625	32.3	1839	
HOL2	7693	7.875			
PROD	7693	4.5	11.6	7693	11.459
T1	7281	2.375			

9 5/8" x 4 1/2"

3.0172

Plug #5

$$\text{IN } 100' / (1.15)(11.459) = 8.5x$$

$$\text{OUT } 100' / (1.15)(3.0172) = 29.5x$$

37.5x total propose 40.5x ✓ OK.

Cement from 1839 ft. to surface

Surface: 9.625 in. @ 1839 ft.

Hole: 12.25 in. @ 1839 ft.

## Cement Information

String	BOC (ft sub)	TOC (ft sub)	Class	Sacks
PROD	7693	1100	PM	300
PROD	7693	1100	50	780
SURF	1839	0	G	510

## Perforation Information

Top (ft sub)	Bottom (ft sub)	Shts/Ft	No Shts	Dt Squeeze
5526	7580			
4552	4560			

## Formation Information

Formation	Depth
WSTC	2262
BMSW	3300
MVRD	4619
CSLGT	6949
MNCS	7259
BLKHK	7365

Cement from 7693 ft. to 1100 ft.

Tubing: 2.375 in. @ 7281 ft.

Production: 4.5 in. @ 7693 ft.

Hole: 7.875 in. @ 7693 ft.

TD: 7693 TVD: 7693 PBTD: 7560

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

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1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>FEE</b>
2. NAME OF OPERATOR: <b>Mustang Fuel Corporation</b>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: <b>9800 North Oklahoma Ave</b> CITY <b>OKC</b> STATE <b>OK</b> ZIP <b>73114</b>		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: <b>(405) 748-9261</b>		8. WELL NAME and NUMBER: <b>Mustang #1320-12A</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>851' FNL, 842' FEL</b>		9. API NUMBER: <b>4304736369</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>NENE 12 13S 20E</b>		10. FIELD AND POOL, OR WILDCAT: <b>Agency Draw</b>

COUNTY: **Uintah**

STATE: **UTAH**

**11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate)  Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
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	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion: <b>10/13/2013</b>	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

**12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.**

**10-11/13-2013**

MIRU spot tanks, PU 27 jts, tag CIBP, TOO H w/ 169 jts tbg, POOH, tagged CIBP @ 5491', TIH w/ 169 jts, tag CIBP @ 5491', break circ, attempt csg test, no good, pump plug #1 fr/ 5491'-5275', TOO H w/ 28 jts, WOC, TIH, tag TOC @ 5318', break circ, attempt csg test, no good, LD tbg to 4569', pump plug #2 fr/ 4569'-4407', LD 5 jts, TIH & tag TOC @ 4464', LD 29 jts, RU, pump break circ, press test csg to 800#, test good, pump plug #3 fr/ 3555'-3393', LD 38 jts, pump plug #4 & #5 fr/ 2326'-1730', TOO H w/ remaining tbg, total 143 jts, MIRU WL, RIH, shoot 3 holes @ 100', POOH, RDMO WL, RU pump, est circ, pump plug #6, circ to surf, RD rig floor, cut off tree below surf, install P&A marker, well Plugged & Abandoned 10-13-13.

NAME (PLEASE PRINT)

*Angelina M Duffy*

TITLE

**Operations Tech**

SIGNATURE

DATE

**6/20/2014**

(This space for State use only)

**RECEIVED**

**JUN 23 2014**